

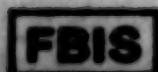
**JPRS 77054**

**23 December 1980**

# **East Europe Report**

**ECONOMIC AND INDUSTRIAL AFFAIRS**

**No. 2075**



**FOREIGN BROADCAST INFORMATION SERVICE**

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

23 December 1980

EAST EUROPE REPORT  
ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2075

## CONTENTS

## BULGARIA

- Report on the Fulfillment of 9-Month Economic Plan  
(RABOTNICHESKO DELO, 25 Oct 80) ..... 1

## CZECHOSLOVAKIA

- Minister Explains Set of Measures in TV Interview  
(TV, 23 Oct 80) ..... 7

## GERMAN DEMOCRATIC REPUBLIC

- Order on General Traffic Planning Published  
(GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK, 1 Oct 80). 9
- Management To Be Responsible for Improved Patent Rights System  
(Hans Kuegler, et al.; EINHEIT, 11 Sep 80) ..... 13
- Past Decade's Aid for Developing Countries Reviewed  
(Various sources, various dates) ..... 19
- Liberal-Democratic Daily's Summary  
'EINHEIT's' Facts, Figures

## HUNGARY

- Third Quarter Economic Results Published  
(NEPSZABADSAG, 12 Nov 80) ..... 22
- Progress in Industrial Restructuring Noted  
(Mrs Ferenc Nyitrai; NEPSZABADSAG, 5 Nov 80) ..... 24

|   |    |
|---|----|
| Growth in Export of Animal Products Noted<br>(Mrs Istvan Benda; MAGYAR MEZOGAZDASAG, 29 Oct 80) ..... | 28 |
|---|----|

|  |    |
|--|----|
| Situation of Incompleted Investments Discussed<br>(Peter Keresztes; FIGYELO, 5 Nov 80) ..... | 33 |
|--|----|

#### POLAND

|  |    |
|--|----|
| Need for Intensified Land Reclamation Stressed<br>(Franciszek Nasinski; DZIENNIK LUDOWY, 4 Nov 80) ..... | 37 |
|--|----|

|   |    |
|---|----|
| Farmers Receive Aid for Purchase of Machines<br>(CHLOPSKA DROGA, 12 Nov 80) ..... | 40 |
|---|----|

Coupons for Potato Deliveries, by A. Jar  
Credit for Young Farmers

#### ROMANIA

|   |    |
|---|----|
| Socioeconomic Value of Self-Management, Self-Administration<br>(Victor Dinu; ROMANIA LIBERA, 29 Oct 80) ..... | 42 |
|---|----|

|  |    |
|--|----|
| Efforts of Trade Network To Satisfy Needs of Consumers<br>(Ana Muresan Interview; ROMANIA LIBERA, 24 Oct 80) ..... | 45 |
|--|----|

|   |    |
|---|----|
| Successes, Requirements in Standardization of Production<br>(Ion Hera-Bucur; ERA SOCIALISTA, 20 Nov 80) ..... | 50 |
|---|----|

|   |    |
|---|----|
| Law Regulates Development of Small Industry<br>(BULETINUL OFICIAL, 22 Oct 80) ..... | 56 |
|---|----|

#### YUGOSLAVIA

|  |    |
|--|----|
| Serbian Opstinas Seek To Retain Aid to Underdeveloped Areas<br>(NEDELJNE INFORMATIVNE NOVINE, 26 Oct 80) ..... | 68 |
|--|----|

Appeal From Leskovac, by Dragan Jovanovic  
Statistics on Underdeveloped Opstinas



REPORT ON THE FULFILLMENT OF 9-MONTH ECONOMIC PLAN

Sofia RABOTNICHESKO DELO in Bulgarian 25 Oct 80 pp 1, 2

[Information by the Committee on the Unified System of Social Information at the Council of Ministers Regarding Fulfillment of the Unified Plan for Socioeconomic Development of the People's Republic of Bulgaria During the 9-Month Period of 1980]

[Text] During the past 9 months the workers embarked on a nationwide socialist competition and met the 36th anniversary of the 9 September Revolution with new achievements by fulfilling the 1980 as well as the Seventh Five-Year Plan. The July Plenum of the BCP Central Committee (1980) gave the impetus for mobilizing the creative forces and energy of the people to work further for a stable and intensive development of the national economy and for a worthy welcoming of the 12th Party Congress.

As a result of applying the economic approach and the new economic mechanism, the plan for net production, social productivity, profits, and cost price has been fulfilled.

The plan for scientific research and applied engineering, which contributed to better utilization of the scientific-technical achievements, has also been fulfilled.

Building and improving the material-technical basis of the national economy continued. For the 9-month period 3.8 billion leva capital investments were adopted, of which 1.8 billion leva were used up for renovation, modernization and expansion, i.e. 56.8 percent of the anticipated sum by the yearly plan.

A great number of labor collectives reported fulfillment of the Seventh Five-Year Plan as a result of the nationwide socialist competition, of the introduction of a new type brigade labor organization all along the line, and of wide application of exemplary achievements.

I. Industry

The economy complexes, ministries and other departments, the economic enterprises and their branches in industry, fulfilled the 9-month plan for monetary revenues by 100.7 percent regarding realization of commodity production and 101.0 percent regarding produced commodities.

All okrugs fulfilled the plan for produced commodities. The okrugs of Blagoevgrad, Varna, Mikhailovgrad, Pernik and Smolyan did not reach the required results of monetary revenues from realized commodity production.

Some economic organizations did not obtain the expected monetary revenues from realization of commodity production either, as for example: Bulgarplod [Bulgarian Fruit], DSO [State Economic Trust], Dimitrovgrad Chemical Combine, SK [Economic Combine] for household electric appliances, Yambol Dimitar Dimov chemical combine, and others.

Per basic economic ministries and departments the plan fulfillment for the 9-month period stands as follows:

|   | Percent of the plan fulfillment for<br>9-month period |   |
|---|---|---|
|   | <u>Produced<br/>commodities</u>                       | <u>Monetary revenues<br/>from realized<br/>commodity output</u> |
| Ministry of Energy                                    | 100.2   | 102.3   |
| Ministry of Chemical Industry                         | 100.3   | 100.9   |
| Ministry of Machine Building                          | 100.0   | 102.1   |
| Ministry of Electronics and<br>Electrical Engineering | 101.2   | 101.6   |
| Ministry of Light Industry                            | 102.9   | 102.5   |
| Ministry of Metallurgy and Mineral<br>Resources       | 102.9   | 100.5   |
| Ministry of Transportation                            | 99.8  | 97.1  |
| Ministry of Internal Trade and<br>Public Services     | 103.8   | 102.5   |

Overfulfilled was the 9-month plan for production of electric power, rolled ferrous metals, electric hoists, electric telfers, power transformers, soda ash, nitrogen fertilizers, and others.

Some economic organizations and departments did not fulfill their plan for production of cast iron, lathes, electric motors, shoes and some other commodities, and, thus, did not supply the consumers with the contractual consumer goods.

Use of machines and equipment expanded in many fields of industry. In some workshops and plants the new technology and techniques have not been adopted and the expected technical-economic indicators of installed machines and equipment in industry have not been reached.

A greater growth of net production in industry has been reached by smaller material expenditures and by improved rationalization of production and better utilization of the existing resources during the 9-month period.

The production of some basic goods is characterized as follows:

|   | <u>Unit</u>     | <u>Produced<br/>Output</u> | <u>Percent of<br/>Plan Ful-<br/>fillment</u> |
|---|-----------------|----------------------------|--|
| Electric power                                | million kWh     | 25,200                     | 100.2  |
| Cast iron for processing                      | tons            | 1,162,213                  | 99.0   |
| Rolled ferrous metals                         | tons            | 2,302,301                  | 100.2  |
| Lathes  | units           | 6,798                      | 99.7   |
| Electric hoists                               | units           | 33,536                     | 103.7  |
| Electric telfers                              | units           | 86,635                     | 101.6  |
| Electric motors                               | units           | 920,314                    | 99.9   |
| Internal combustion engines                   | units           | 10,550                     | 100.0  |
| Power transformers                            | units           | 5,658                      | 103.9  |
| Soda ash                                      | tons            | 1,109,516                  | 102.4  |
| Nitrogen fertilizers<br>(including carbamide) | tons            | 549,777                    | 100.9  |
| Cotton fabrics                                | thousand meters | 252,919                    | 103.4  |
| Shoes   | thousand pairs  | 12,585                     | 98.9   |
| Meat  | tons            | 332,871                    | 101.1  |
| Butter  | tons            | 16,505                     | 100.3  |
| Sterilized canned vegetables                  | tons            | 169,507                    | 85.1   |

## II. Agriculture and Livestock Husbandry

In the past 9 months of the year the material-technical basis of agriculture and livestock husbandry continued to expand. For this purpose 576 million capital investments were used up. The plan for supply of chemical fertilizers is progressing successfully. Agricultural work was done under unusual meteorological conditions, i.e. high precipitation and low temperatures in spring and significant hot spells and drought in June and July. Not all areas designated by the plan were seeded. Normal vegetation of some crops was delayed and interrupted. Some other crops, however, are expected to give good yields.

Good conditions were created for balancing off part of the losses caused by the unfavorable meteorological conditions.

Average yield per cow increased by 26 liters compared to 1979, or 1.1 percent. Average egg-laying capacity decreased, although egg production increased due to a greater number of layers.

The number of animals and fowl at the economic enterprises and departments is as follows:

|                | <u>1 October 1980</u> | <u>1 October 1980</u><br>in percent<br>compared to<br><u>1 October 1979</u> |
|----------------|-----------------------|---|
| Cattle         | 1,447,328             | 99.9  |
| Of which--cows | 493,971               | 100.2   |
| Pigs           | 2,989,221             | 99.5  |
| Sheep          | 6,674,313             | 96.8  |
| Fowl           | 27,744,249            | 103.1   |

In the same 9-month period a smaller number of cattle and fowl designated for meat and milk production was bought out from all categories of farms, while the number of eggs bought out increased.

### III. Construction

The construction and assembly organizations fulfilled their 9-month plan by 95.4 percent and their yearly plan--by 69.5 percent.

The 9-month plan for putting into operation the fixed assets was also fulfilled.

In the 9-month period many important projects were still faced with shortcomings in their organization of the work, and could not obtain sufficient number of skilled labor and adequate construction technology. Some construction projects were not put into operation on schedule, as for example: the Radomir plant for heavy machinery, the first technological line of Temelkovo V. Kolarov DTsZ [state cement plant], the expansion of Lenin SMK [construction and installation combine], and the renovation and modernization of Kremikovsti SMK.

The plan for completing and putting into operation housing projects, day care centers and kindergartens was not fulfilled.

### IV. Environmental Protection

Over 142 million leva were used in the 9-month period for different undertakings and for construction of projects with the purpose of meeting the environmental protection standards. New electric filter systems were put into operation in the agglomerate production at the Sofia Kremikhovtsi SMK, and in the V. Pik DTsZ in the village of Beli Izvor, in the purifying station of the Gabrovo D. Blagoev plant, in the reproduction bases in the villages of Byala Rada and Kalchevo, in the slurry pond in Rosen, and others.

The program for application of nonpolluting technologies in production and for water recycling systems continued to expand.



## V. Transportation and Communications

The 9-month plan for revenues from transportation, loading and unloading as well as shipping by the general transportation system was fulfilled 101.1 percent.

The transport economic organizations fulfilled their freight plan 93.5 percent.

The plan for passengers transportation was fulfilled 102.6 percent.

The plan for revenue from postal, telegraph, telephone, radio and television services was fulfilled 101.4 percent. The postal system was expanded by 20 PTT [posts, telegraphs and telephones] stations. Some 88,521 new telephones were installed, 72,279 of them in private homes. A total of 193 new telex connections were put into operation.

## VI. Foreign Trade

In the 9-month period foreign trade increased by 13.6 percent, compared to the same period of last year.

Structural changes in the export system were introduced with very promising results. The share of high-quality processed goods increased considerably. Machines and equipment represent the largest share of the total export, i.e. 44.9 percent.

In the 9-month period the People's Republic of Bulgaria was visited by 4.7 million foreigners from 149 different countries. The number of visitors increased 10.6 percent over the same period of last year.

## VII. Standard of Living

In the 9-month period commodity production designated for the domestic markets was expanded, as well as the everyday regular services of the people.

Trade organizations were granted 2.6 percent more goods of domestic production than the contractual allocations. More food (1.3 percent) and nonfood (3.9 percent) products were supplied than the contractual quantities.

The retail turnover plan was fulfilled 102.2 percent.

Larger quantities of the following goods were sold to the people: poultry, sugar products, milk, eggs, wool fabrics, silk fabrics, ready-made clothes, knit outerwear, shoes, furniture, radio sets, sewing machines, passenger automobiles. Due to lack of commodity funds, some goods in some districts were missing from the market.

The plan for services for the same period was fulfilled 102.0 percent. Servicing does not meet the increased needs of the population in spite of the good results in the upkeep and renovation work of the radio-television system and in furniture and carpentry services, as well as in the shoe, leather, haberdashery, textile, knit and clothing businesses.

The plan for upkeep and repair of appliances, motor transportation means, dry cleaning, and construction-repair services was not fulfilled.

About 35 thousand dwellings were built during the 9-month period of the year.

Considerable sums were spent for development of education, cultural life and health services. The school and kindergarten system was expanded. New premises were built as follows: kindergartens for 3,768 children, daycare centers for 480, and schools of general education for 4,661.

In this same period of the year the average monthly salary reached 186 leva in industry and 203 leva in construction.

The achieved results in the past 9-month period, the political and labor upswing involving all the people are a promising guarantee for a successful conclusion of 1980 and the seventh 5-year period, for a worthy welcoming of 1981, the year of the 12th BCP Congress.

1010

CSO: 2200

## MINISTER EXPLAINS SET OF MEASURES IN TV INTERVIEW

Prague TV in Czech 1/40 GMT 23 Oct 80

[Summary] Ladislav Supka, the CSSR minister for investment and technological development, gave a TV interview to a number of reporters from the major dailies who questioned him on the implementing procedures for the next five-year plan which is to be based on the Set of Measures starting on 1 January 1981. In the course of the interview, the minister noted some shortcomings such as non-implementation of the results of the Research Institutes' findings and inventions in practice, often because of the lack of investment planning. For example, very significant improvements were designed for the UZ-2 and UZ-3 tractors in 1977; however, the production planned for the 1978-79 period could not be started because the required Kcs 5 billion in investment was not available for the production line changeover to the new model UZ-1 tractor, causing large indirect losses to the CSSR economy, since the tractors would have been of exportable quality and could have earned foreign currency.

Another problem mentioned was the aging construction labor. The minister allowed that a foreman needs broad experience, yet the young people were not being afforded opportunity to train for and advance into such positions because of their "lack of skills" and there is presently no personnel available to "step up into their shoes."

On the question of licensing policy, the minister stressed the advantages of exchanges and quoted 91 purchases of licenses from, and 85 sales to, the Warsaw Pact countries while there were 163 purchases from, and 94 sales to, the Western countries during the 1976-79 period; however, foreign currency earnings are a problem. "Each case," the minister said, "must be evaluated in terms of required expenditures not only for the foreign licenses but also for certain materials, parts, and specialized machinery not available domestically, so that even if the final product is exported, these costs must be balanced in terms of expenditures vs. earnings of foreign currency."

On the question of capital investments, the minister noted the shortages of labor to man the new factories and stressed instead the improvement of the existing plant and equipment by installation of automated mechanisms and robots on the production lines to make them more productive; although, as Mr Supka qualified, this may require some switching of personnel and retraining them to make these new mechanisms.

Another problem, according to the minister, is an excessive number of different engineering products being made in the CSSR, nearly twice as many as in the United States. This is complicated by the fact that decisions will have to be made as to which lines of products should be dropped, a measure which will also cause some restructuring of the industry. In this context, the minister noted that most of these industries are concentrated in just a few population centers (or engineering production concentrations, as Mr Supka referred to them) which account for a high proportion of the CSSR manufactured products and any changes could require populations shifts.

Mr Supka also touched on the difficulties in the field of electronics where, as he pointed out, CSSR is quite competent and is producing competitive quality Large and Very Large Integrated units, except that the quantities are so insignificant that they do not even cover the needs of the country.

Commenting on a question about the housing situation, the minister explained that, even though the next five-year plan calls for a construction of 550,000 housing units as compared with the present five-year plan of 650,000, it is expected that 100,000 fewer units which have outlived their usefulness would be torn down so that the net result would be the same in both five-year plans. In reply to the last question, the minister compared the old concept of "Key Development Projects" in the fuels and energy industry to the new concept of "State Goal-Oriented Programs" which, under the new criteria, will place much greater emphasis on energy conservation. He also said that there will be about 30 percent fewer of the new programs than of the "Key Projects" and they will be more realistic. He also indicated that the CSSR industry was 30 percent more energy intensive than that in the West and that improvement there was imperative to survival. Standards in this field must be brought up to the Western levels within the next five-year plan.

CSO: 2400



GERMAN DEMOCRATIC REPUBLIC

ORDER ON GENERAL TRAFFIC PLANNING PUBLISHED

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I  
No 27, 1 Oct 80 pp 270-272

[Official text of "Order on General Traffic Planning, dated 28 July 1980," signed  
by State Secretary Dr Schmidt for the Minister for Transportation, East Berlin]

[Text] In agreement with the heads of the competent central stage organs the  
following has been ordered:

Article 1

Field of Validity

(1) This order regulates the tasks, rights, duties and responsibilities of the  
state and economic management organs as well as of enterprises, combines, cooper-  
atives and institutions in the context of general traffic planning.

(2) This order applies to the general traffic plans of

--the GDR bezirks,

--the GDR capital, Berlin, in the framework of the general plan,

--the bezirk towns and those towns and areas designated by the bezirk councils  
in agreement with the Ministry for Transportation.

Article 2

Principles of General Traffic Planning

(1) General traffic planning is effectuated on the basis of legal prescriptions,  
decisions of the Council of Ministers, on determinations of the minister for  
transportation and proposals of the local councils. The development programs of  
CEMA are to be given special consideration in this context.

(2) The general traffic plans are instruments of the Ministry for Transporta-  
tion, of the local representative institutions and of their councils for the  
comprehensive planning and preparation of general traffic development in each  
territory in harmony with the overall traffic development of the GDR.

(3) The general traffic plans must comprise a time span of at least 15 years. The measures for the development of traffic installations conceptualized in these plans are to be ordered according to ranking and sequencing, in a manner such as to indicate utilizable subcomponents. Every bezirk general traffic plan is to be harmonized with the general traffic plans of the neighboring bezirke. The general traffic plans of towns are to be prepared on the basis of the development of the transportation system determined in the general traffic plan of the respective bezirk.

(4) In the preparation of the general traffic plans the planned spatial distribution of productive forces is to be taken as the point of departure, taking into account that in the process of general traffic planning an influence is to be exerted on the conceptions for the spatial distribution of productive forces in the interest of effective development possibilities of the traffic system. Beyond this, the mutual and reciprocal relations with the general development and buildup plans and other plans of territorial development are to be taken into account.

(5) The general traffic plans are to be elaborated in complex cooperation with the state and economic management organs, enterprises, combines, cooperatives and institutions. In particular, the collaboration of the organs of territorial planning, construction, of the German People's Police, the regional military commands, the energy supply organizations, environmental protection and water economy, and of the German Post Office is to be secured, as is the inclusion of the competent commissions of the local representative institutions and of the social organizations.

(6) The general traffic plans are to be updated and qualified continuously in dependence on the course of social development. General traffic plans require the agreement of the minister for transportation with respect to the basic lines of traffic policy before they are submitted for decision to the local representative institutions or their councils.

(7) In the preparation of general traffic plans it is to be taken as point of departure that claims on agriculturally utilized land must be excluded to the largest extent possible. The Order of 17 December 1964 for the Protection of Agricultural and Forestry Lands and for the Securing of Socialist Land Utilization--the Land Utilization Order (GESETZBLATT Part II, 1965, No 32, p 233) is to be observed in this context.

### Article 3

#### Content of General Traffic Planning

(1) Taking their point of departure from the societal and scientific-technical development, the general traffic plans have to cover the following foci:

- (a) traffic policy target setting for the territory at issue;
- (b) development of passenger and freight transportation requirements;

- (c) maintenance and expansion of transportation infrastructure;
  - (d) development of passenger and freight traffic systems, including short-distance [commutation] traffic systems, individual traffic and intraplant traffic;
  - (e) development of the division of labor in passenger and freight traffic;
  - (f) development of traffic organisation;
  - (g) listing of areas to be kept unencumbered for the construction and expansion of transportation infrastructure and other traffic installations;
  - (h) evaluation of the traffic solutions conceptualized in the general traffic plan.
- (2) In the preparation of general traffic plans, the requirements of socialist intensification and rationalization, of socialist economic integration, of national defense, of the development of mining, energy and water economy, of environmental culture and protection, of the German Post Office and of traffic safety are to be given specific attention. One of the requirements of traffic safety is the special protection of children on the roads from their homes to children's institutions and schools.

#### Article 4

##### Tasks of the Local Councils

- (1) The local councils prepare the general traffic plans for their territories and implement them. In this context, the orientation in the general traffic planning of towns is to be toward an especially close collaboration with the development of building planning, on the basis of uniform assumptions and time scheduling. The local councils submit the general traffic plans to the competent local representative institutions for decision.
- (2) The member of the local council responsible for transportation matters guides the preparation of the general traffic plans and their translation into the framework of 5-year and annual planning and exercises control over the execution of the measures decided upon.
- (3) The member of the bezirk council responsible for transportation matters has to submit the general traffic plans to the minister for transportation for his approval of the basic directions of traffic policy in good time prior to the intended passage of a decision by the bezirk diet or the assembly of town deputies.
- (4) The local councils insure the maintenance of open areas to the degree required for the realization of the general traffic plans.

## Article 5

### Tasks of the Ministry for Transportation

- (1) The minister for transportation lays down principles for the formation of general traffic planning. He guarantees that the specialized organs of the bezirk councils responsible for traffic are guided and controlled in the preparation of general traffic plans.
- (2) The Ministry for Transportation guides the institutions for the traffic planning of bezirke and towns in general traffic planning regulates the principles for the determination of their missions and their working procedures and organizes the exchange of experiences for this purpose.
- (3) The Ministry for Transportation guarantees that the management organs, combines, enterprises, offices and institutions of the centrally managed transportation system collaborate in the elaboration, updating and specification of the general traffic plans.
- (4) The minister for transportation makes arrangements for the evaluation of the basic principles of traffic policy of the general traffic plans which have to be submitted to him for approval and transmits these evaluations to the respective bezirk councils together with recommendations and indications within 6 months.

## Article 6

### Binding Force

- (1) Taking into account their ranking and sequencing in the framework of state plan indicators and other binding targets, the determinations and targets of the general traffic plans are a basis for the preparation of the 5-year plans and the annual economic plans.
- (2) A binding obligation for all state and economic management organs, enterprises, combines, cooperatives and institutions in the given territory to implement determinations of the general traffic plans which require material and financial expenditures is given by the passage of the resolutions on the national economic plans.

## Article 7

### Concluding Regulations

- (1) The present order assumes validity with its publication.
- (2) At the same time the order of 10 January 1976 on General Traffic Planning (GESETZBLATT Part I, No 3, p 41) loses validity.



GERMAN DEMOCRATIC REPUBLIC

MANAGEMENT TO BE RESPONSIBLE FOR IMPROVED PATENT RIGHTS SYSTEM

East Berlin EINHEIT in German Vol 35 No 10, signed to press 11 Sep 80 pp 1030-1034

[Article by Hans Kuegler, engineer, director, Patent Rights Office, VEB Carl Zeiss Combine, Jena; and Prof Dr Klaus Muetze, engineer, director of combine's Research Center: "Top Performance Requires Purposeful Patent Rights Work--Experiences in the VEB Carl Zeiss Combine, Jena")]

[Text] Inventions crucially control the degree of novelty and the use value of the products, represent the status of development in science and technology, and affect the developmental level of industrial production. An essential management task amounts to promoting invention efforts and, with it, protecting their results in accordance with legal principles. The authors are reporting on how, through various measures, invention activities are purposefully directed and stimulated. Experiences with patent rights work are presented, and necessary conclusions are drawn from them.

Attaining the requisite higher level of scientific-technical work on behalf of significantly improving our economic efficiency, reaching and economically utilizing top performances at a much broader scope, make growing demands on the creative work of the working people, mainly the researchers, scientists and engineers. Here it is becoming increasingly important to achieve an emphatic impetus for producing and using inventions and providing legal protection for them, whereby to perform a greater contribution to economic efficiency and quality improvements.

Inventions decisively and measurably reflect the developmental status of science and technology. They crucially control the degree of novelty and the use value of the desired products and the scientific-technical level of procedures and technologies, hence, the developmental status of industrial production. It thus is in the interest of our society to make extensive use of these inventions in our own country and make them available, on the basis of state agreements, to our fraternally allied CEMA countries. At the same time it is important to protect them against uncontrolled groups from capitalist states and corporations.

To protect the interests of our state and of the inventors, our socialist patent right was established, the economic patent, which goes back to the principles formulated by Lenin as long ago as in 1919 in the decree on inventions and discoveries. It grants the socialist state an unrestricted authority to use protected inventions, creates protection from competitors in the capitalist economy, and insures inventors of their adequate recognition. The economic patent encourages creative achievements, places the use of protected inventions under state control, and thus makes possible their systematic utilization. The norms by which the patent rights work is to be organized and realized and integrated with the planned reproduction process are set down in legal regulations in which also are included the tasks resulting from the patent rights agreements among the socialist countries.

### Clear Requirements

The responsibility of the combines and enterprises for organizing the reproduction process includes the task of managing invention activity and patent rights work and use its results so that it conforms with economic expectations. That calls for concrete tasks with regard to economic use in terms of producing and using patent information and documentation, the planning and management of invention activities, the registration, defense and enforcement of our own patent rights and their contest with foreign ones, the use, secondary use and licensing activity in a national and international framework, and the moral and material recognition of the working people's creative achievements.<sup>1</sup>

The basis for managing invention activity and patent rights work in our VEB Carl Zeiss Combine is the scientific-technical and economic development which--proceeding from international trends and governmental prognostic and long-range considerations--is being planned for optimizing precision equipment construction in our economy. Our point of departure is the task our combine has to produce top products of precision equipment in optics, 70 percent of which determine or co-determine international standards, most of which are being exported, which are legally without fault and have a high degree of novelty and use value and have stood up through a marketing period of from 3 to 5 years. That calls for scientific-technical and economic requirements for developing new products oriented to high qualities and performance efficiency and to greatly reducing the time frame of R&D, whereby they also challenge the personnel's pleasure of work, dedication and creativity. When tasks are not clear, corrections are needed, and poor results are the consequence. In any event, we are losing time then, and that is harmful to us in our international competition.

Clear requirements for the future call for accurately determining our position at present as it can only come from implacable comparisons with international standards. To that end we must ascertain present international standards extensively--not only by looking at the equipment made by the competitors but also, thoroughly, at the literature--and compare the results we seek in our products with them. It is largely thanks to our rigid and purposive management activity and our indefatigable political-ideological work that our combine now has practically accepted as an axiom not only to compare, for preparing correct objectives, the new product to be developed with what is now the best foreign product and with our own product that is to be superseded by it, but also with

the kind of product which, as determined by trend analyses, might presumably be offered by the competitors at the time that our own product is put on the market. In the outcome of all these comparisons, those requirements are laid down, at the start of our own development, that are, with respect to the use value factors and the costs of the new product, apparent when looked at in terms of when the product comes on the market.

Even when we set down these objectives for a product under development we must place correct and concrete major emphases for invention activity and patent rights work. Being the part of the R&D process that most strongly affects creativity, the strictest attention must be paid to invention activity in the preparation of R&D themes, the derivation of scientific-technical and economic targets, the demands for use value characteristics and the quality and the materials economy of a planned product.

As practice has confirmed, the use value of a product depends, not last, on how those who are working in R&D, especially the managers, are able to make inferences from what they know of descriptions of previous inventions, can process it creatively, and themselves obtain solutions qualifying for patent protection. Thoroughly studying patent literature often proves most valuable when one is looking for new solutions because the description of inventions must indicate how the invention is to function and such a description in many countries is published by the patent office as soon as 1 1/2 years after the patent was registered, at a time, in other words, when the equipment under development has normally not yet led to sales products.

That is why, in managing scientific-technical work, we focus on conducting patent rights analyses while carefully exploiting research results from the patent literature. Such analyses have in our combine increasingly been integrated with the process of target assignments, especially with the derivation of technical requirements, in order to obtain parameters that control international standards and R&D results legally without fault. Patent rights measures were set down in patent rights conceptions which are, in principle, being elaborated in our combine today for the initial defense of any R&D theme.

The starting point, contained in these conceptions, for the task to be solved by invention is the scientific-technical task set down on the basis of information from the literature, especially patent literature, and of what is known about competing products and about the desires of our customers. Quite a number of demands for new solutions arise here where what is known and the facts ascertained are not likely to be adequate. And these precisely are the tasks that are to be solved by invention. They are set down in the duty notebook and already play a role in the initial defense and thereafter all through the further course the theme undergoes. On behalf of continuity for the work process, the solutions one expects also have to be specified in terms of time and accounted for.

In solving scheduled tasks in the R&D areas inventions are being suggested for which the patent rights bureau conducts the innovation tests the law requires. If the inventions appear protectable, it is necessary, for the sake of later sales and exports, to do everything needed for their comprehensive protection

as early as possible. To that end, from the vantage point of our country's economic interest, the proper patent rights applications are prepared jointly between the R&D areas and the inventors. As any protected invention clearly presents a solution exceeding our state of technology and is a source for a novel or improved use value, the GDR can then make extensive use of it as soon as the patent registration was made. To fully utilize all possibilities free from patent restrictions in the country by using our patents, we seek their widest possible application not only right after they were registered but also through annually recurring controls. The value estimated from the use of an invention, furthermore, is an essential criterion for whether or not it is worth applying for patent rights abroad.

Among all the measures and conditions that serve stimulating invention achievements is that these achievements are morally and materially recognized. That starts with including invention activity in socialist competition which is given moral and material recognition and is accounted for monthly. It continues in a diversified type of payment for recognition when a patent is registered in the GDR that has been tested for its innovative quality, in publicly handing the documents for tested patents over before the entire collective of the research center or the enterprise, in the payments for confirmed and used economic patents, together with an appreciation letter from the general director of the combine, and in the payment of legally admissible compensations for giving out licenses.

#### **Rigid Management, Planning and Organization**

Beginning with the planning process, all possibilities must be used to manage systematically and rigidly the work of invention or the patent rights work needed for the development of new products and new procedures. That is why these processes are being prepared in a target-directed manner in the combine in coordination with long-term and annual management and planning documents. That includes that clear tasks are assigned in the development areas and that the tasks of inventions are planned for processing any R&D theme.

Basic objectives for inventions and for patent rights work are elaborated on the basis of the scientific-technical and economic objectives for the development of the combine or the research center. Through our intensification conception, their lead-time provisions are envisaged for the long-term planning period. The priority within such objectives goes to the assignments for the development of feasibility studies to be prepared with special attention to the major tasking areas in the product and procedure development. In conformity with our intensification conception, more specific objectives are also set down for inventions and patent rights in the more long-range development conceptions of the product groups. Through these conceptions we elaborate and determine for any given products group (or cross-sectional area) the R&D targets and tasks for the next 5 to 10 years and the ways and means, measures and decision proposals for implementing those targets. We always see to it here that analyses carried out on the state of our technology, based on patent rights literature, will facilitate and improve the foundations of the elaboration of the scientific-technical and economic objectives for the various product groups.



While preparing and elaborating annual plans--related to areas and themes--, parameters and qualitative demands are assigned, especially with regard to the fruitfulness of inventions, the level of the inventions, and the patent rights analyses and conceptions. Such assignments notably focus on fundamental inventions with crucial functional parameters and on completing the tasks within assigned schedules.

Patent rights work in the combine is the responsibility of the director of the research center, the director responsible for the R&D of the Central Bureau for Patent Rights. This creates the prerequisites for uniform management combining with the R&D processes, making the function of the combine all-inclusive. The Central Bureau is responsible, in particular, for the planning and coordination of patent rights work in the combine, its effective organization and the development of creative work on the part of inventors and of the originators of industrial models.

The combine's enterprises have their industrial bureaus or patent rights agents. Whereas the industrial bureaus are responsible almost for all the patent rights work, except for activities in other states, the agents exercise exclusively intra-plant functions.

So that skilled decisions can be made on patent rights problems and appropriate measures be purposefully enforced, patent rights collectives are working in the development areas. It is up to them to elaborate appropriate analyses and conceptions, prepare decisions on patent rights applications abroad, test the usability of patent rights and make recommendations for their utilization.

#### Future Focal Points

If inventions and patent rights work have developed positively in our combine between 1976 and 1980, most of the credit has to go to our continuity in management which led to increasingly more systematic working methods in the whole field and, especially, to a systematic implementation of assignments. Managerial focal points clearly lay on invention activity and on the economic utilization of protected knowledge.

The following table presents a survey of some of the results of our work (data in percentages, always with reference to 1976):

|   | 1977 | 1978 | 1979  |
|---|------|------|-------|
| Invention proposals                         | 100  | 116  | 129   |
| Invention proposals per number of employees | 95   | 112  | 118   |
| Patent registrations GDR                    | 98   | 148  | 141   |
| abroad                                      | 104  | 83   | 199   |
| Patent inventory GDR                        | 111  | 124  | 145   |
| abroad                                      | 111  | 115  | 103   |
| Use   | 248  | 315  | 310   |
| Patent rights analyses and conceptions      | 245  | 463  | 1,041 |

With all the advances made, we seek further to increase in the future our productivity in patents and to register as patents more of the patent proposals

submitted in the GDR. To that end, we must further improve the level of management in invention activity and patent rights work altogether. To that end it is imperative to combine that still more closely with R&D and to deepen the existing interaction.

Above all, inventions and patent rights work ought to exercise a stronger influence still on the R&D process early in the game. Even when basic and preparatory research is done these problems ought to be given the greatest attention. This involves in particular our cooperation with academies, universities and colleges for systematically elaborating inventions that determine fundamental and total lines of development. Patent rights analyses and conceptions must become still more effective mainly in preparing requirements for R&D themes. They must affect our scientific-technical level and guarantee a no-fault legality as required on behalf of an unlimited market efficacy of new products. Altogether it is necessary to take into account in the management of patent rights work more than we have done in the past that it is to make a greater contribution to improving foreign economy results. A precondition for that is, not last, a more active patent rights activity abroad based on good familiarity with the competition and market situation. On that premise, proper inferences can be drawn with regard to the importance of an invention, the range of its use, the export countries envisaged and the economic benefit resulting for economic activity from maintaining our patent rights. This patent rights activity includes our carefully watching the patent rights activities of our competition. Growing attention also is warranted for permanently organizing an extensive use and secondary use of inventions aiming at a better economic utilization of them.

In placing higher demands on patent rights work in the future, we are convinced that this way the efficiency of our whole reproduction process, from R&D via production to sales on the world market, can be decisively improved and our combine can make a greater contribution to increasing our republic's national revenue.

#### FOOTNOTE

1. The Patent Rights Decree for R&D, Production and the Foreign Economy (GBL, Part I, No 15, 1974) provides the details on these measures--from the analysis of patent rights literature, the elaboration of patent rights analyses and conceptions, all the way to acquiring and maintaining patent rights as well as on the work with patent rights within the scope of economic contracts on scientific-technical achievements.

5885  
CSOP 2300

## GERMAN DEMOCRATIC REPUBLIC

### PAST DECADE'S AID FOR DEVELOPING COUNTRIES REVIEWED

#### Liberal-Democratic Daily's Summary

East Berlin DER MORGEN in German 11-12 Oct 80 p 3

[Unattributed report: "Infrastructure and Industry: Main Focus of Our Trade With Developing Countries." A translation of the East Berlin EINHEIT article cited below follows this report]

[Text] GDR trade with developing countries has tripled from 1970 to 1979 and has thus developed faster than foreign trade at large, the major weight placed on installations and equipment for infrastructure and industrial development. GDR turnover with developing countries in 1979 came to a total of just about M 10 billion.

These data were supplied by the most recent edition of the journal EINHEIT, which submits a number of revealing facts: Approximately 39,000 citizens from developing countries during the period referred to got vocational training and advanced training in the GDR; roughly 10,000 graduated from our universities and technical schools; 2,300 spent time as patients in the GDR, many of them wounded persons from the ranks of the liberation movements. In turn, the GDR made possible the training of another 55,000 young people in their own countries, sending annually 300 members of friendship brigades, and in the period referred to 15,000 specialists, into developing countries.

In solidarity donations, the FDGB and the Solidarity Committee of the GDR have provided services at a value of more than M 1.4 billion since 1970. Humanitarian aid and charity during the same period came to just about M 65 million, of which the German Red Cross provided more than 35 million.

#### 'EINHEIT's' Facts, Figures

East Berlin EINHEIT in German Vol 35 No 10, Oct 80 signed to press 11 Sep 80, pp 1081-1082

['Facts and Figures' report by Dr Siegfried Buettner, sector chief, SED Central Committee: "GDR Aid for Developing Countries"]

[Text] The trips by party and state delegations headed by SED Central Committee General Secretary and GDR State Council Chairman Erich Honecker to African and

Arab countries have contributed to developing our alliance relations with the progressive states at new dimensions and qualities.

#### **Economic and Scientific-technical Cooperation**

True to our internationalist policy, the GDR's confident cooperation with the states of Africa, Asia and Latin America has steadily been further developed in recent years. Examples of it are the GDR's friendship and cooperation treaties with Angola, Mozambique, Ethiopia and the People's Democratic Republic of Yemen. Above and beyond that, many agreements were made with these and other developing countries on economic, industrial and scientific-technical cooperation. Between 1 January 1970 and 31 December 1979, the GDR concluded 141 government agreements with 59 developing countries. They included 58 trade agreements, nine payment agreements, 27 agreements on scientific-technical cooperation and 47 agreements in the fields of economic, scientific and industrial cooperation. To implement these agreements and strengthen our cooperation, a total of 15 joint economic commissions have been set up since 1970 between the GDR and those countries.

The GDR's economic and scientific-technical cooperation with the progressive Afro-Asian and Latin American states serves the consolidation and further development of the socioeconomic construction in those countries, the support of those states' desire for a new international economic order on an equal, democratic foundation, the protection of their sovereign right to the use of their own natural resources, and the support of their struggle for economic independence and against imperialism, neocolonialism and reaction.

Compared with 1970, the GDR's foreign trade turnover with developing countries has more than tripled. In 1979 it came to 9,591 million valuta mark. The GDR's foreign trade turnover with the developing countries has grown faster than the GDR's overall foreign trade turnover.

In its deliveries and services the GDR concentrated in particular on supplying installations and equipment for the infrastructure, especially for the transportation and communication systems, for electrification, construction material production, the textile industry, machine building, the printing trade and the processing of agricultural products. Since 1970 the GDR has completed more than 650 projects in developing countries, 53 of them in 1979 alone. The GDR set up more than 100 small-trade enterprises in Vietnam and Laos alone.

#### **Training and Dispatching of Personnel**

In the consolidation of political power and the struggle for economic independence, in industrialization and the development of a modern agriculture, and in the development of the infrastructure and of new democratic foreign trade relations, increasing importance attaches to vocational training and advanced training for citizens of developing countries and to the training of university, technical school and leadership personnel from those countries.

Since 1970, the GDR has provided circa 39,000 citizens of developing countries, 9,000 of them in 1979 alone, with vocational training and advanced training, principally in such areas as farm technology, crop and animal production, health,



health and labor safety techniques, the building trade, metal working, finance and industrial management. In the same period circa 10,000 citizens from those countries attended a university or technical school in the GDR. In 1979 alone, 2,650 citizens from developing countries completed their university or technical school studies in the GDR.

The fields in which training and advanced training were provided included technology, the natural sciences, medicine, education, agriculture, the cooperative system and industrial management. In connection with the establishing of installations and the supplying of means of agricultural production, approximately 55,000 citizens of developing countries were trained between 1970 and 1979 in their own countries, 23,000 of them in 1979 alone.

This development is supplemented by our dispatching GDR specialists to those countries. Within the scope of relevant government agreements and in connection with our deliveries in installations and equipment, circa 15,000 specialists--technicians, agricultural experts, scientists, physicians, pedagogs and other specialists--have operated in developing countries since 1970. In 1979, there were 2,200 GDR specialists working in those countries. The friendship brigades dispatched by the FDJ enjoy high recognition. More than 300 young people have since 1977 been operating, mainly in Afro-Arab countries, each year.

#### Solidarity Donations

The services of the FDGB and of the GDR Solidarity Committee have been an inseparable component of the GDR's cooperation with the progressive Afro-Asian and Latin American states and the struggling national liberation movements. From 1970 to 1979, the FDGB and the GDR Solidarity Committee donated more than M 1.4 billion. These donations by the GDR working people have financed care shipments of different sorts including clothes, foodstuffs, baby food, medicines, study and instruction materials as well as medical care for citizens of developing countries. Over M 300 million was spent on that in 1979.

Humanitarian aid and charity given the developing countries and their liberation movements by the GDR is something that occupies a solid position. Between 1970 and 1979, that alone came to M 64,493,225. The German Red Cross of the GDR had a share of M 35,743,300 in this aid. During the same period, 2,300 patients from developing countries, many members of national liberation movements engaged in struggle among them, received free medical care in the GDR.

Solidarity in word and deed continues, as it is deeply rooted in the thoughts, sentiments and conduct of our people. In shaping its alliance relations with the developing countries and militant liberation movements, the GDR lets itself be guided by the thought that the peoples' anti-imperialist and antineocolonialist struggle is an inseparable component of the worldwide struggle for the safeguarding of peace in all regions on the earth and for the national and social liberation of the peoples in Africa, Asia and Latin America.

5885

CSO: 2300



## THIRD QUARTER ECONOMIC RESULTS PUBLISHED

Budapest NEPSZABADSAG in Hungarian 12 Nov 80 p 10

[Text]

1st to 3d Quarter, 1980

(as a percentage of the corresponding period of the preceding year)

## Socialist Industry

|   |       |
|---|-------|
| Volume of gross production value                      | 98.0  |
| Employment  | 97.1  |
| Gross production per employee                         | 100.9 |
| Average monthly wage including supplementary payments | 103.1 |

## Construction Industry

|  |       |
|--|-------|
| Construction industry output                               | 96.5  |
| Number of employees  | 95.8  |
| Average wage of employees including supplementary payments | 106.1 |

## Foreign Trade (at current prices)

|         |       |
|---------|-------|
| Imports | 98.9  |
| Exports | 104.9 |

## Retail Trade Turnover (at current prices)

in particular:

|   |       |
|---|-------|
| food and nonessential beverages and tobacco | 110.8 |
| clothing                                    | 106.0 |
| miscellaneous industrial goods              | 112.9 |

## Procurement

in particular:

|                 |       |
|-----------------|-------|
| plant products  | 107.1 |
| live animals    | 101.1 |
| animal products | 100.9 |

## Performance of Transportation Enterprises

|  |       |
|--|-------|
| Freight transportation (in freight ton km)           | 100.5 |
| Long distance passenger transportation               | 101.0 |
| Cash receipts of the population from central sources | 109.5 |
| Consumer Price Index                                 | 111.0 |
| of which:  |       |
| 1980 price changes                                   | 102.4 |

According to data from the Central Statistical Office, the level of industrial production and sales in the first three quarters of 1980 was slightly below last year. Trends in the sales of industrial products developed in accordance with the plan's goals. The volume of foreign trade sales and deliveries to wholesale and retail trade each grew by 3.4 percent. Sales for investment purposes declined by 12.6 percent and sales for production purposes were 5.8 percent lower than a year ago. The number of industrial employees declined at a more rapid pace than calculated, by 47,700 or 2.9 percent relative to the same period a year ago. The decline in employment was especially pronounced in the light industry and machine industry. Production per employee was 0.9 percent above last year's level.

The output of the construction industry declined, in accordance with the plan. In particular, the output of state construction enterprises was lower than a year ago; construction by cooperatives was essentially the same as last year. As a result of the slowdown in investment activity, the greatest decline occurred in the civil engineering industry (7 percent), but it was also quite substantial in architectural engineering (3 percent). Specialized and assembly activity rose slightly. Construction industry employment was 14,300 or 4.2 percent less than in January-September of last year. Output per employee rose 0.7 percent. Almost 45,000 residences were completed nationwide in 9 months: this is 4.3 percent above last year's level.

Purchases of plant crops in the first 3 quarters of 1980 were 7.1 percent above the first 9 months of last year. This was mainly the result of increased sales of wheat and rye. Purchases of fruits and vegetables were lower than last year. Sales of hogs and poultry rose while sales of beef cattle declined.

Cash receipts by the population from central sources were 9.8 percent above the January-September 1979 level. Income supplements related to the price measures introduced in July of last year also played a role in this increase.

Retail trade turnover rose at current prices and remained unchanged at comparable prices relative to a year ago. The volume of retail turnover of food and nonessential beverages and tobacco is approximately 2 percent above the level at this point last year while catering industry turnover is 4 percent lower. Sales of clothing and miscellaneous industrial goods were the same as a year ago.

109.9 billion forints were spent on investment by socialist organizations in the first 3 quarters of 1980. At current prices this is 9.2 percent less than in the same period of 1979. (The decline in investment is in line with the plan guidelines). Investment spending on state controlled projects was 7.1 percent below last year while spending was 10.9 percent less.

## PROGRESS IN INDUSTRIAL RESTRUCTURING NOTED

Budapest NEPSZABADSAG in Hungarian 5 Nov 80 p 10

[Article by Mrs Ferenc Nyitrai, chairman of Central Statistics Office: "On the Road to Modernization of Industrial Structure"]

[Text] Modernization of the structure of the national economy and, in particular, industry, is one of the most important factors in improved efficiency. The 20 October 1977 resolution of the MSZMP Central Committee on this issue defined the direction and most important methods of change. A mere 3 years have passed since the resolution. The first of these, 1978, was still a year of instilling new attitudes, trying out new methods and comparing our existing product structure with that of similar or more advanced countries. A number of our large enterprises carried out such comparisons, leading to results that will be useful in the years to come. At the present time, in the closing months of the Fifth Five-Year Plan period, we are in a position to survey the road we started on, the progress we have made and the opportunities and tasks facing us.

### The First Phase of the Work

The pace of product structure changes is variously evaluated by many people. Enterprise professionals who are most intimately involved with the task often tell us of rapid change as soon as the preparatory work gets beyond prototype acceptance and pilot production, but the change is hardly perceptible when we look at statistics. The public at large and consumers consider the pace of change sometimes excessive when they are unable to find familiar domestic products in retail shops because production was stopped due to "product change" and no replacement is available. In fact, structural transformation is a long process. We are now in the first phase when progress is also helped by the price mechanism introduced this year.

The international experience with structural transformation shows that the process of technological innovation in advanced industrial countries during the 1960's was accompanied by an increased role of research and development intensive sectors. A look at the data for countries belonging to the Organization of Economic Cooperation and Development (OECD) shows that their production and foreign trade were concentrated in sectors which fully utilize the fruits of research and development. This was accompanied by strong specialization in the production of investment goods, increased proportion of high quality, automatic products creating new

demand in the area of consumer durables, appearance of more electronic products in markets and increased percentage of valuable products, incorporating more human labor in the chemical industry.

These trends may also be seen in the changes happening in our country.

Within the extracting industry, growth in bauxite mining output was above average. This is undoubtedly beneficial in terms of the opportunities for extracting and utilizing our domestic raw material reserves.

In the machine industry, the output of telecommunications and vacuum technology grew at an above average rate, with the overwhelming majority of products satisfying the criteria set by the system of technical and economic requirements pertaining to product shift inasmuch as they incorporate the results of domestic research and development or purchased licenses, their added value is high, most of them can be sold on favorable terms even under increasing international competition and they satisfy increased domestic consumer demand. The output of the instrument industry also grew more rapidly than the machine industry average in 1979. This activity slowed down during the current year.

Calculated at comparable prices, the instrument industry and telecommunications represented 22.8 percent of total machine industry output in 1973 while employing 28.8 percent of the total machine industry work force and 22.2 percent of its productive fixed assets. In 1979 these two sectors, considered dynamic even on an international scale and relying on adequate domestic conditions, produced 26.3 percent of total machine industry output using 31.2 percent of the machine industry work force and 24.5 percent of productive machine industry fixed assets.

It is well-known that over the last decade the growth rate of our chemical industry output was more rapid than the average for industry as a whole: the chemical industry was also one of the leading industrial sectors. In 1979, output grew at a slower rate than before and an important structural change took place in the chemical industry. This year is highlighted by a 3.5 percent growth in pharmaceutical production while the output of the chemical industry as a whole in the first 3 quarters remained approximately at last year's level. Within the chemical industry, the production of plastics is increasing at a rapid rate every year. 294,000 tons of plastic were produced in 1979, i.e., 38.1 percent more than in 1978. Production grew by another 10.2 percent in the first 8 months of this year.

In the light industry, structural change took place in sectors which were able to adapt flexibly to rapidly changing fashions. One such sector is the silk industry. While in earlier years the product scale of the silk industry was not very competitive in more demanding markets, and in fact was unable to fully satisfy domestic requirements, in more recent years it came out with a number of new, modern, competitive products based on a successful combination of various raw materials which can be marketed on much more favorable terms. As a result, silk industry was able to increase its output by more than 10 percent in the first 3 quarters of this year while the production of silk materials made from synthetic fibers increased by almost 18 percent relative to last year.

In line with international trends, an increasing percentage of agricultural products is being delivered to domestic and international markets in the form of processed food industry products. The percentage of processed foods and consumables now represents 8.3 percent of the output of state-owned industry. The role

of traditional milling industry is declining within food industry as a whole while the role of milk processing, meat, canning and brewing industries is increasing. As a result, production and export of poultry, bone-in raw meat and various types of sausages is increasing every year while the production and output of safflower seed oil is also growing at a rapid rate.

#### The Direction of Product Change

Transformation of the industrial product structure has also begun. Of course, rapid adaptation to changing demand is easiest in the processing industry where there are a number of examples indicating the start of a process of renewal. For example, aluminum foil is a popular product of the aluminum industry. In 1979 our production of aluminum foil grew by 50 percent relative to last year; rapid growth continued this year.

Production of a number of uneconomic products has been stopped in the machine industry while the volume and percentage of some up-to-date products has increased. These changes are reflected in the following statistics:

#### Production of Certain Machine Industry Products (percent)

| <u>Name of Product</u>    | <u>1978/77</u> | <u>1979/78</u> | <u>1st half of 1980/<br/>1st half of 1979</u> |
|---------------------------|----------------|----------------|---|
| Elevators, total          | 104.0          | 110.9          | 113.1   |
| Semi-automatic lathes     | 71.0           | 205.6          | 184.6   |
| Automatic lathes          | 18-fold        | 106.8          | 156.5   |
| Program controlled lathes | 80.6           | 376.0          | 248.8   |
| High precision lathes     | 42.8           | 258.9          | 106.0 a)                                      |

a) based on production by KGM [Ministry of Metallurgy and Machine Industry]

There has also been some realignment within the product groups included in the table, mainly as a result of adjustment to foreign market demand. Similar trends are appearing in the production of a good number of consumer goods. For example, demand for high capacity refrigerators produced under license is growing especially fast. As a result, production of refrigerators was up 9 percent in the first 8 months of the year, compared to last year. There is increasing interest in color television sets: production from January to August of this year was up by 88 percent relative to last year. Production of stereo record players in the first half of the year was 84 percent above last year's level. Production of computer and control technology products also grew at an above average rate.

Development of new, up-to-date products often requires technological modernization. This is indispensable in the case of products which compete with similar goods produced by other countries in foreign markets and in areas where cost savings and acceptable prices are predicated on modern technology. Another important consideration is to ensure that new products are more energy efficient in order



to encourage consumers to replace obsolete machines and appliances. There are some good examples of this: new models of black-and-white television sets are more energy efficient.

Another favorable sign is a significant decline in the use of imports in implementing product change: this trend is continuing this year. Credit measures aimed at import savings are also helpful in continuing toward this goal.

#### The Percentage of Unskilled Workers

Finally, positive changes may be seen in the area of the most important cost: manpower utilization. In the beginning and middle of the 1970's the use of auxiliary and, in particular, unskilled workers in industrial production was very high. Even as late as September 1976, the number of employees performing unskilled work represented 14.1 percent of all blue-collar employees within socialist industry. By September 1979 this ratio declined to 11.5 percent. In contrast, the number of employees performing skilled work increased from 46.7 percent to 50.1 percent. This change is occurring in almost every branch of industry. For example, the number of unskilled workers in the machine industry declined from 10 percent in September 1976 to 7.8 percent in September 1979. Still, we have considerable reserves in the area of efficient manpower utilization, as shown by the slow rise in industrial productivity during this year; we are still significantly behind countries of comparable size and level of development.

Thus, promising trends toward structural change are visible in production and related aspects of material, energy and manpower utilization. The present conditions of economic regulation contribute to the acceleration of this process and exemplary activity by enterprises ready to take the initiative may further accelerate progress.

9164

CSO: 2500

## GROWTH IN EXPORT OF ANIMAL PRODUCTS NOTED

Budapest MAGYAR MEZOGAZDASAG in Hungarian, Nos 43, 44, 22, 29 Oct 80

[Article by Mrs Istvan Benda: "The Export of Animal Products Is on the Increase"]

[22 Oct 80 No 43 p 21]

[Text] TERIMPEX [T. Foreign Trade Enterprise of Livestock and Crops] is one of the most important enterprises of the Hungarian economy for generating capitalist exchange. The animal products it handles are the result of the work of tens of thousands of men in agriculture and the food industry, and for decades it has produced about one-fifth of our income from capitalist export.

Our country is among those practicing intensive livestock husbandry and there are few countries in the world delivering to foreign markets such a large fraction of 4 branches of animal husbandry products as ours: 45 percent of cattle, 20 percent of swine, 90 percent of sheep and 65 percent of dressed fowl.

Our annual export of animal products (live and slaughtered) is between 350-400 thousand tons amounting to about 4 percent of all of the livestock and meat reaching international markets. This is an outstanding ratio in comparison to our animal stocks.

The year 1980 started favorably with respect to the possibilities of international trade. However, it appeared that much less product would be exported than the year before and a dollar income exceeding that of the previous year would be possible only by sharply raising the prices. In response to various measures aimed at increasing the amount of production and purchase, it became clear already by the second quarter that we would be able to export more than projected earlier in the year and the income--in forints--would exceed the 1979 income at least by 4 to 6 percent.

The results of the first half of the year provide a basis for estimating the anticipated annual export trade. In forints, our achievements were 12.5 percent higher than during the first half of last year.

### Only Good Quality Beef Cattle Can Be Sold

During the first half of the year, only about half of our last year's export could be delivered from beef cattle. The types of available product were

rather mixed. It contained a rather high percentage of crossed (example: Holstein-Friesian x Hungarian spotted varieties, in general less favored by our markets. In spite of this our selling prices, in dollars, were increased by 20 percent.

We succeeded in raising the beef export by 30 percent but this was not enough to completely balance the loss in beef cattle. Considering the price increases, beef cattle and beef export amounted to one-fourth of the capitalist export trade organized by TERIMPEX during the first half of the year. In spite of the considerable decrease in the amount of goods, this produced only 4 percent less income to the national economy than last year.

The prospects for selling products of the cattle branch are in general very good: purchase is not hindered by customs of consumption; moreover, cash-based demand for it is expanding. In addition to already existing markets, we could involve new countries in the trade if more products suitable for export would be available.

#### Outstanding Marketing Possibilities

Our sheep export produced exceptionally good results last year. Both amounts and prices were raised to an extent never before seen. This represented 45 million dollars in export income. Compared to the first half of last year, the average weight of the exported animals was lower this year and there was an increase in the ratio of suckling lambs which could have been developed into a fattened product by the second half of the year.

The income of producers was considerably lowered by the drop in the value of the Italian lira. Even raising the export prices could not balance the unfavorable exchange rate.

The marketing possibilities for products of the sheep branch are outstanding.

Based on the results of the first half of the year, the expected--in general not worsening--market conditions, and the amount, composition and quality of goods available to us during the second half, we can expect our annual accomplishment to be outstanding in the history of TERIMPEX. However, both in the production of live animals and in the course of industrial processing, every producer must pay maximal attention to the demands placed on export goods.

#### Twice the Amount of Pork to Western Markets

We exported 20 percent more live swine and doubled our deliveries of bacon sides and cut-up pork to capitalist markets. The export of these products amounted to about 27 percent of the dollar income of TERIMPEX. This noteworthy achievement was due not only to increased quantities but also to price increases. Making up the highest ratio of goods, the price of pork sides could be raised to a level not seen since the memorable Europe-wide scarcity of pork in 1976. The excellent timing of marketing also played a considerable role.

Pork products can be marketed to a much more limited market than those of cattle. Swine on the hoof almost exclusively, can be sold only to the Soviet Union or to another socialist country which happens to be struggling with a pork scarcity. Pork sides primarily serve to satisfy the demand in the Soviet Union. The Western countries are self-sufficient, and conditions arise only occasionally--for instance in Italy and France, in some years also in Spain and Greece--under which they can pay us favorable prices.

Of products of the swine sector, processed pork--chops, spare ribs, fresh ham, shoulder with or without bone--can be easily and regularly sold to West European countries. We are trying to exploit this possibility by means of the increased productivity of new meat processing plants.

During this half year, there was a 10 percent increase in the export of dressed fowl and a 20 percent increase in income compared to 1979. We hope that the results of this year will contribute to the recovery from the unfavorable effects suffered by this branch in 1978 when, because of bad international marketing conditions, lower prices and the accumulation of unsold goods caused great losses to the fowl processing plants and also had a negative effect on the will to produce by the agricultural enterprises and the household plots.

We closed a successful 6 months in the export of goose liver, hare and fish. Among dairy products, butter should be emphasized since it has increased considerably this year and good world market prices have developed.

[29 Oct 80, No 44 p 21]

[Text] On the occasion of this brief accounting, it might be useful to summarize those tasks which the growers and all those who influence food production ought to consider in the interest of successful export in the coming years.

#### Beef Cattle: The Soviet Union Is the Largest Purchaser

Earlier--before 1974--more than 90 percent of our export went to Italy. This consisted almost exclusively of Hungarian-brindled young steer which fetched a good price because they were rated as outstanding quality. Since then, both the ratio of the market and the absolute amount of export have fallen back and, within the latter, the purebred Hungarian brindle products have decreased.

We still have goods in small amounts originating from the crossing of Hungarian-brindled with [du] limousin [a French breed of steer] or with charolais (meat type). These fetch the highest price followed by goods from Hungarian-brindled cattle. Since the export is divided approximately as follows: 40 percent to Arabia, 20 percent to Italian markets and 40 percent to the Soviet Union, the demands of these markets are described in the following.

Italy: Hungarian-brindled cattle with a minimal weight of about 550 kg are the most sought after. The Hungarian-brindled x [du] limousin crossbred cattle fetches \$150-200 more per ton while the Hungarian-brindled x Holstein-Friesian F<sub>1</sub> young cattle can be sold for about \$150-200 less, occasionally and only in small quantities.

We can find buyers at a comparable price for Hungarian-brindled crossed with Hereford young steers with a weight of only 450-480 kg, because it is still not too fatty. Purebred Hereford is not marketable because of its high suet content.

The Italian buyer wants uniform prices and prefers cattle from large-scale enterprises (agricultural cooperative or state farms).

The Soviet Union wants slaughter steer between 500-560 kg weight, fattened in stables. It pays a good price for Hungarian-brindled cattle raised on household plots and is willing to buy the Hungarian-brindled x Holstein-Friesian  $F_1$  cross-breed for \$100 less per ton.

Libya is the only noteworthy market where we can deliver 30 to 40 percent Holstein-Friesian x Hungarian-brindled  $F_1$  products. However, because of considerable--mainly Irish--competition, it [Libya] has limited demand for the Hungarian product.

Lebanon is almost mostly interested in Hungarian-brindled cattle; The 450-480 kg weight Hungarian-brindled x Hereford  $F_1$  can also be marketed [there] in smaller amounts, be they stabled or pasture animals.

#### Sheep Branch: More Attention to Quality

In the opinion of specialists, because of the high export prices prevailing for several years, a negative selection has been practiced on the farms. Good quality, outstanding stock was exported and the lesser quality was often retained for breeding. As a result, the Hungarian combed Merino can be termed obsolete today because it tends to become fatty at a relatively low weight.

With the size of animal stock Hungary has, an increase in the export income of the sector can only be achieved by increasing the rate of reproduction and the average weight. Young lambs should be exported to the least possible extent; at the most, 10-12 percent annually and preferably the females--of course, the problem of selection ought to be worked out. Fattened, these are not accepted at all by our markets or are accepted as only a small fraction of the total, and the price is decreased by 5-7 percent. Rumania and Poland, two much larger sheep exporting countries than we are, will hardly or not at all export young lambs.

The "express lamb" should preferably be fattened to an average of 30-32 kg. It would be best if stock under 30 kg would not at all be sold to the purchasing companies because, for livestock shipped over greater distances, we have to allow for 10-12 percent losses. In the case of 30 kg lambs, this represents 27 kg in purchase weight. However, if stock between 27-30 kg is purchased, it would be very important to segregate these because higher prices can be gotten for this category than the bulk price for stock weighing 27-35 kg each.

Recently, the importance of Arabic markets has increased. These countries and also the GDR and Belgium expressly demand heavier (35-40 kg) goods and pay a good price for them. Based on data from our partners in production, we calculated the profitability of fattening. It was shown that fattening to weights higher than done currently would also considerably increase the profit of the producer.



#### Swine Branch: More Uniform Products

Much more uniform products are produced for export today from domestic swine stocks than a few years earlier. Nevertheless, quite a bit of undesirable crossbreeding still occurs producing a so-called pigmented swine, which is not expressly a meat producer. The pigmented swine is unsuitable for the production of unskinned products (for example of our frequently exported Parma ham) even if it has an adequate bacon layer or fat content.

The 110-115 kg weight swine is desirable for live export. The 95-105 kg swine is suitable for the production of pork sides with bacon, the 105-120 kg swine is good for the production of processed pork sections although, in some cases already at this weight, the characteristics of the strain and the feeding method may produce a thicker layer of bacon and more fat content than desired by our markets (for instance, bacon thickness can be no more than 3 cm). Among others, this has the result that the Hungarian lean bacon has more fat than the Western markets are used to and relatively small amounts of it can be sold.

#### Fowl Branch: Continued Price Fluctuations Must Be Expected

To satisfy the quality and weight demands of foreign buyers, live fowl must definitely be delivered to the purchasing sector within the following weight limits according to types: chicken 1.35-1.50 kgs, turkey 4.20-4.50 kgs, guinea fowl 1.30-1.40 kgs, roasting duck 2.40-2.60 kgs, and roasting goose 4.20-4.80 kgs.

Because of future fluctuations in world market prices, even though within narrower limits, to reduce fodder expenses it is especially important to decrease the amount of fodder needed to produce 1 kg meat.

Every producer must also know that there are limits to increasing production dictated by the possibilities of selling on foreign markets which must be adapted to. Otherwise we are faced with plummeting prices and unsold stocks.

In general, production increases (according to the prevailing, specific contracts with the buying sectors) are possible for the most widely marketable chickens. Only a negligible expansion in the export of other types of fowl is possible because

--geese and ducks are demanded by only certain markets and in limited amounts. The producer circle is traditional and no one else can take over in the case of increased exports;

--turkeys are produced and consumed in large amounts worldwide. Their share on the world trade is minimal and competition is fierce;

--the production of fattened geese livers and the possibilities of expanding the liver export are limited because such geese can only be sold to limited markets. If the goods are low in fat, some of them can be sold dressed to capitalist countries. However, there is no way to try to double the goose liver export.

After having produced the products in the desired weight range and at a suitable time, the possibilities of marketing are, of course, very much influenced by good management of processing and export.

# SITUATION OF INCOMPLETED INVESTMENTS DISCUSSED

Budapest FIGYELO in Hungarian No 45, 5 Nov 80 p 7

[Article by Dr Peter Keresztes: "Background to Incompleted Investments"]

[Text] Among the statistics of the past decade we will not find many columns which show an almost threefold increase in 10 years. Among these few are incompleted investments, which have increased with particular rapidity in the first 4 years of the Fifth Five-Year Plan. From a distribution of sources point of view, the economists and economic politicians explain this unprecedented climb of incompleted stocks, which are evident as "frozen assets," basically by the increase in the average magnitude of the investments, the lack of organization in savings and investment activity, the fragmentation of implementation capacity, and in the final analysis the tensions of the investment market.

This reasoning is appropriate to the past decade, but to a certain extent one sided. Its starting point is the outlook that regards incompleted investments merely as "frozen assets" and does not consider that at the same time it is the prior condition of the incompleted investments. We can carry out effective and even investment activity only in case of incompleted investments of appropriate size and structure.

## Not Only Frozen Assets

The concept is growing stronger both in economic literature and practical economic policy that investment policy should concentrate not merely on the annual investment outlays and the purchasing power related thereto, but must also regulate the series of individual investment decisions by striving to assure a steady balance on the investment market.

Without trying to be complete, I shall introduce in the following some methods related to incompleted stocks, the use of which would help in the effective guidance and planning of the investment process, and an appropriate influence on decisions.

It is foreign to an outlook which concentrates not only on annual outlays but on the investment process as a whole to approach the problem of incompleted investments by relating them simply to annual achievement. Such an approach makes sense only if we regard this ratio as the starting point for estimating average realization time. Unfortunately, this has not been the practice up to now. At present

the majority of the economists as well as mass communications grade the investment situation according to how the ratio of incompleted stocks and annual expenditures is developing. We need a deeper analysis before forming a value judgment. For example, a decline in the above-mentioned ratio may in itself represent a big investment upswing, or its conclusion.

I am convinced there is no absolute index which could grade the global magnitude of the incompleted investments, but the following method, which is still not widely enough employed, can be used more consistently for orientation than by relating to annual achievement.

Let us assume that there are enough investments in process for us to state that the total cost estimates of investments at the 1 percent and the 99 percent degree of completion are the same, and the same is true of the 2 percent and the 98 percent investments as well, and so on. Consequently the average degree of completion of the investments is 50 percent. And thus a total of one-half of the cost estimates for the investments in process has been expended on the investments thus far. We still need to know the volume of parts in operation, which is frequent particularly in the case of large investments. According to various calculations, these investments in process make up about 30 percent of the cost estimates.

#### A Possible Yardstick

Thus we can calculate the desired magnitude of incompleted investments by deducting the value of the parts in operation, that is, parts which are already a completed investment, from one-half of the cost estimates. Following the 1978 example, the calculation is as follows: at the beginning of the year the total cost estimate of all the individual investments with a value over 5 million forints came to 710 billion forints in round numbers. Putting the value of parts in operation at 30 percent, the "desired" incompleted investments ( $710 \times 0.5 - 213$ ) is 142 billion forints. On the other hand the observed incompleted investments of the socialist sector is 175 billion forints, more than 20 percent higher.

I shall note that this calculation in itself cannot form the basis of some kind of value judgment. Its advantage is that it is better than the earlier practice of relating to annual payments, and it can be the starting point or the supplementary method for further analyses. On one hand, neither the data nor the estimate procedures are exact in calculation. With the development of the statistical information process which follows the investment process, it may be assumed that at the same time the calculations from this point of view will become more reliable. On the other hand, even behind the globally optimum, "desired" magnitude of incompleted stocks gained as a result of possibly exact calculations, there may be serious structural tensions which will later disturb the process.

For this very reason, in my opinion, we also need further examinations at least according to decision category, material-technical composition and economic branches. It is not my goal now to describe the implementations in detail or to review the results, but let me give several interesting examples from past experience.

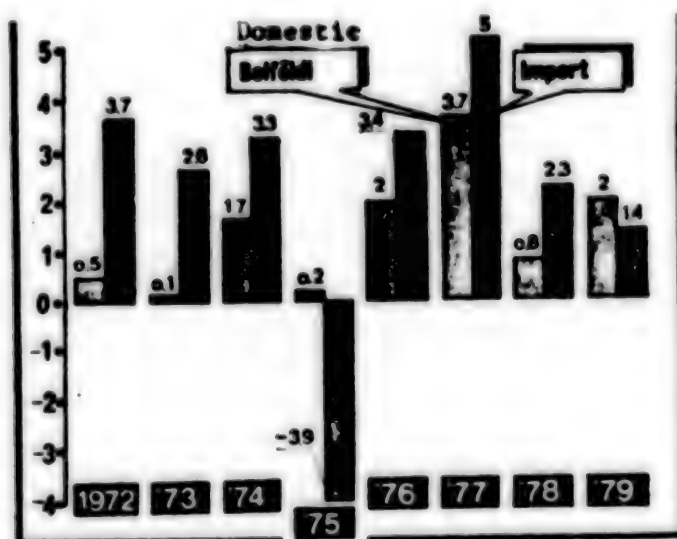
The incompleted stocks of domestic machinery investments is essentially the same size as the similar index for import machinery. At the same time, in the last

decade the change of incompleting stocks of import machinery, in absolute value, exceeds the similar domestic figure. On basis of the relationship between the Five-Year Plan and the investment decisions we can arrive at the conclusion that the nonsocialist machinery deliveries are closely linked to contracts signed on the basis of investment plans. The same can be said of socialist imports. The investments are generally delayed, and therefore these machines cannot be put into operation for a long time. At the same time the domestic machinery deliveries are better linked to the actual completion of investments, and to actual creation of the machine receiving capacity.

The result is that it is the capitalist import machinery, which represents the greatest burden to the economy, that stands idle for the longest time, waiting to be fitted in. We will be able to reduce losses to the minimum in the future if the construction and machinery aspect of realizing the investment proceeds in a coordinated way, and we are ready to receive the capitalist machinery imports and put them to the earliest use possible by technical parameters.

It is evident from the accompanying graph that 1979 was the first year in the decade when the growth in the incompleting stocks of import machinery was smaller than the similar index for domestic machinery. This was apparently caused not only by the decline in imports but some improvement was already evident on the investment market and thus the organization of investment activity also improved.

Graph. Changes in the Incompleted Investments of Socialist Organs as Compared to the Previous Year (in billion forints)



#### Tensions in the Parts

The other example is to be found where branch and decision category tensions are concealed behind the economic index for incompleting investments. For example, the changes of incompleting stocks in industry can be linked with the Fifth Five-Year Plan, but this is counterbalanced somewhat by other economic branches, and thus the interrelationship at the economic level can hardly be shown. A similar



example is the following: in the Fourth Five-Year Plan period the increase in incompleting stocks changed in a contradictory manner. On the other hand, the economy's incompleting investments are outstandingly high for 1977, and its increase of about 24 percent can be ascribed to the fact that by the means of various economic political constructs we forced the enterprise investment decisions as well to travel a path similar to that of state investments.

As a result of the regulation which brought about a restrained investment decision activity in the past two decades, this year will see an end to the increase of incompleting investments at a high level, and even something of a decline may occur. This in itself favorable phenomenon, however, also calls attention to the fact that those who guide the investment process must avoid the development of a situation where investments are in process for the most part at a low completion level, and it becomes impossible to put them into operation at a desired and even level. On the other hand, the development of the above situation can be avoided, the development decisions must be kept in a channel that will hinder the development of the investment cycle.

Perhaps it can be felt that in this article I was not only seeking to call attention to an unjustified distortion of the importance of incompleting investments. At present, the most important task in investment policy is the effective regulation of the process in harmony with our economic political goals as realized through individual investment decisions. This would also have an advantageous effect on the magnitude of the incompleting investments. At the same time, a deeper analysis of the latter category could also provide useful information for those responsibly interested in the guidance of the process.

6691

CSO: 2500



# NEED FOR INTENSIFIED LAND RECLAMATION STRESSED

Warsaw DZIENNIK LUDOWY in Polish 4 Nov 80 p 3

[Article by Franciszek Nasinski]

[Text] If we do not produce the amount of grain needed by our country ourselves, we must supplement our own production by importing grain. Farmers in the United States or in Canada can produce grain for us. This is what is happening now. Of course, we must pay for this grain. If we do not have ready cash, we buy on credit. Then we must add the interest on the negotiated loan to our outlay for the grain purchase.

We have imported grain for many years. Recently our imports have risen alarmingly to more than 8 million tons of grain and fodder yearly. The capital outlay for this purpose amounts to \$1.3 billion a year. Grain is becoming more expensive.

Grain purchased abroad must be transported across the ocean, we must pay the freight and insurance charges, it must be unloaded in Polish ports and then it must be transported to mills and fodder plants, and from there it must be taken to its destination, i.e., Gmina Cooperative (GS) warehouses. The costs keep mounting. Would it not be simpler and cheaper, instead of transporting imported grain to, let us say, the Wloclaw and Suwaly voivodships, to produce it and process it into fodder on the spot?

There are many reasons why our grain imports, instead of declining, have increased. One of these is the price paid to Polish farmers for their grain. It is more profitable for farmers to cultivate grain and then use it for fodder on their own farms than to sell it at GS purchasing centers. There are also extraeconomic causes imposed by the system.

A major factor in agricultural production, besides man--his dilligence, resourcefulness and ingenuity--is the earth. There are situations--which are by no means extraordinary--in which even an increase in mineral fertilization will not bring about the desired increase in grain harvests. This increase is contingent upon the regulation of water ratios. If the construction of protective embankments along rivers and the possibility of draining excess water from precipitation are not considered in time, then, as was the case last year, all of the farmers' outlays will come to naught and their work will be of no avail.

The regulation of water ratios, including the drainage of arable lands, is thus a necessary condition for progress in agriculture. Outlays for land reclamation are costly, without a doubt. But importing grain is even more costly, not to speak of the dependency of the state on foreign nations in such a basic matter as feeding the nation.

Grain harvests on drained lands show an increase of 10 to 15 quintals per hectare. During wet years drainage is the decisive factor for harvests in general. Experts calculate this year's losses as a result of flooding caused by an excess of precipitation water at 20 billion zlotys. On the other hand, outlays for land reclamation this year, together with expenditures for supplying villages with water and for construction in this area, amount to 12.8 billion zlotys. A comparison of the two figures is shocking. They represent a very strong argument for increasing outlays for land reclamation and for the expansion of the range of efforts to regulate water ratios on lands in use.

Outlays for land reclamation during the 10-year period now coming to a close increased on the financial score. However, as a consequence of price and cost increases their range was narrowed. Experts have cried out in protest against this situation. Farmers have brought up this issue many times. However, as Majakovsky said, their voices were barely a squeak.

Thus the scope of such efforts narrowed at a rapid rate. In 1968, 215,000 hectares of arable land were reclaimed in general; in 1976--194,000 hectares, and last year scarcely 90,000 hectares were reclaimed. The figures with regard to drainage are the following: 164,000 hectares in 1968, 146,000 hectares in 1976, and 84,000 hectares in 1979. With regard to land reclamation efforts on grassy lands in use the decline was even more drastic. The figures for the same years are respectively: 120,000; 57,000 and 26,000 hectares in 1979. A similar decline has been noted in the bringing into cultivation of grassy lands in use: from 133,000 hectares in 1968 to 55,000 hectares in 1976 and 34,000 hectares in 1979. Work on rivers and canals calculated in kilometers decreased during this period: from 1,620 kilometers to 875 kilometers to 609 kilometers last year. Embankments built against flooding decreased from 162 kilometers in 1976 to 75 kilometers last year.

We must assume that losses in grain harvests last year, by comparison to 1968, of approximately 1 million quintals, and in harvests of good quality hay of approximately 4 million quintals are the result of the decreased range of land reclamation efforts.

According to expert opinion, lands drained in the final years of the current five-year plan did not even compensate for the decline in reclaimed lands estimated at 100,000 hectares. These losses are the result of the depreciation of land reclamation equipment manufactured before World War II. This is primarily in reference to the western and northern regions of the country.

It is a fact that gradually, implemented land reclamation efforts have undergone a sharp decline. As a rule, in such cases the reason that is given is the lack of so-called processing capacities. In this case, however, the reason is a different one. This decline occurred despite the fact that the production capacity of enterprises specializing in efforts of this type was not fully utilized.

For example, enterprises joined together to form the Central Administration of Marine Construction and Land Reclamation had 866 drainage machines, with which they laid 39,300 kilometers of pipeline. The full use of this machinery could complete 60,000 kilometers and could lay 103 pieces of modern machinery for non-groove drainage. Pipeline of 80,000 kilometers in length could have been laid, but only half as much was laid.

Taking into consideration the fact that the materials-intensiveness of land reclamation construction is low--only 24 percent of investment costs--while in construction in general and in agricultural construction, materials absorb nearly half the cost, exactly 49 percent, the limited nature of outlays and of the dimensions of land reclamation cannot be justified rationally even in a period of the general reduction of investment outlays in the nation.

One of the basic factors fostering an increase in farming has been the installation of water pipelines on farms. Water in homes and barns has raised the living standard of the farm population. It has also fostered an increase in work productivity. Less time is lost on tending livestock. Farmers can grow more, because the work is easier and the lack of help does not represent an insurmountable obstacle. While it is true that the scope of efforts in this regard has not been reduced, only a small proportion of villages has water pipelines. Barely 24 percent of farms use water from pipelines of various types. Of these, 11 percent have been constructed by state enterprises, and 13 percent have been built by individual farmers at their own expense, as a rule using surface flooding waters of poor quality as a basis. This puts the Polish village in one of the lowest places in all of Europe.

A decision cannot be put off in this situation. Outlays for land reclamation guaranteeing a real increase in implemented efforts must be increased. The utilization and conservation of equipment and the land reclamation system must be improved.

In the 10-year period now ending, agriculture has received a sharp dose of properly directed programs of development and promises. Unfortunately, it has all been just talk. The situation must change. The unsatisfied food needs of the nation are exerting pressure in this direction.

8536

CSO: 2600

## FARMERS RECEIVE AID FOR PURCHASE OF MACHINES

### Coupons for Potato Deliveries

Warsaw CHLOPSKA DROGA in Polish 12 Nov 80 p 1

[Article by A. Jar]

[Text] The Peasant Information Service. The poor harvest of potatoes has seriously limited their sale at purchasing centers. The purchase of eating potatoes, which are so important for supplying the market for the winter, is significantly less than projected. Given this difficult situation, the Central Union of Agricultural Cooperatives, in order to encourage farmers to sell their potatoes to meet the needs of markets in larger cities, have undertaken to tie in potato deliveries with the possibility of issuing farmers the right to accelerated purchase of farm machinery which they need.

Those suppliers who deliver extra large supplies of eating potatoes are to receive coupons for tractors and other machinery. Local authorities in individual regions will determine the minimum size of the delivery meriting a coupon toward equipment which is in short supply.

This system of rewarding large suppliers has been tried for several days in Poznan Voivodship, as well as in several others. Authorities in Poznan have determined that a farmer who wishes to receive a coupon for a tractor must supply not less than 40 tons of eating potatoes. This unusual system of incentives, which has been created under the present conditions of exceptional difficulty, has already brought results. The first priorities for potatoes purchased now are to supply hospitals, workers' cafeterias and other institutions of collective life. A portion of the total purchase goes toward supplying the populace via collective orders at places of work. These orders are much higher this year than in the past. In this way, the supplying of stores suffers. Current deliveries can never meet the need in cities, and for this reason in front of stores there are queues of people waiting to buy potatoes.

### Credit for Young Farmers

Warsaw CHLOPSKA DROGA in Polish 12 Nov 80 p 2

[Article by M.D.]

[Text] Peasant Information Service. No one has to be persuaded of the fact that for a young farmer to undertake to run his own farm is to open the proverbial

Pandora's box of troubles. The many suggestions and requests that reach the Main Administration of the Union of Socialist Polish Youth [ZSMP] attest to this fact. They refer to such subjects as the introduction of installment buying of machinery and tractors, an increase in rebates for the purchase of land, providing young couples who farm with individual credits and facilitating the securing of credit for housing construction in the country.

As a result of agreements between the Main Administration of the ZSMP and the Ministry of Finance it has been proposed that young farmers (up to 35 years of age) be allowed to purchase a tractor on credit, provided that they have been allotted one, of course. The cooperative banks will serve as creditors for up to 90 percent of the cost of the tractor for a period of 8 years at an annual rate of 6 percent. Young farmers taking over a farm or setting up a new farm will receive priority treatment for buying on credit.

In order to be considered for credit, both young couples and individual farmers must meet a set of requirements which were formerly applicable only to those employed in socialized places of work. In other words, those young couples in which one spouse is not over 35 years of age and the other is not over 40 years of age, and not more than 5 years has elapsed since the couple was married may be eligible for credit; or, those young couples in which one spouse is not over 35, the other is not over 40, and not more than 5 years has elapsed since they acquired their first independent place of residence may be eligible for credit. Persons rearing children alone are also eligible for credit, provided that they are not over 30 years of age, or 35 years of age if not more than 5 years has elapsed since they acquired their first place of residence. Young couples may also receive credit during a period of military service or study, if their parents act as co-signers. The amount of credit will be 70,000 zlotys, the waiting period will be 9 months, and the repayment period, 5 years.

Young farmers have gained significantly with regard to undertaking the construction of their housing. Previously, in order to be eligible for credit for housing construction the applicant had to make use of his own funds for 40 percent of the estimated total cost. At present, in justified cases, the cooperative bank may reduce this personal share to 10 percent. The Ministry of Finance has also proposed issuing a recommendation that the number of loans made available for housing construction in the country not be limited.

A demand submitted by young farmers for increasing a partial refund of the purchase price of land from the State Land Fund from 30 percent to 50 percent will be forwarded by the Main Administration of the ZSMP to the Ministry of Agriculture for consideration.

8536

CSO: 2600



## ROMANIA

### SOCIOECONOMIC VALUE OF SELF-MANAGEMENT, SELF-ADMINISTRATION

Bucharest ROMANIA LIBERA in Romanian 29 Oct 80 pp 1, 5

[Article by Victor Dinu]

[Text] The new economic-financial mechanism is, beyond theory, of vital importance to our development. Its application was necessitated not as a result of someone's wish but by the dialectics of the development of the productive forces and the relations of production. Moreover, in this intricate system, self-administration is a factor.

Our party's concern for the scientific organization and management of the economy has significantly increased after the Ninth Congress of the Romanian Communist Party. From then on, for 15 years, measures were constantly taken to create a modern system of economic-financial organization, management and planning. As for the democratic forms of management, even though they were specified in the same period, they rooted more rapidly and operated on an overall scale in the entire socioeconomic sphere in this country. This did not apply to our economic-financial mechanism whose components were not promptly geared to the natural changes that took place in the development of the productive forces.

This phenomenon was timely and excellently pointed out by Nicolae Ceausescu. As early as in 1977, at the general assembly of working people at the Bucharest Heavy Machinery Enterprise, the party secretary general stated: "The democratic forms of management in our economic system did not proceed at the same rate as the upgrading of the system of economic-financial management (...). Unfortunately, some economic and financial cadres find it difficult to detach themselves from what they learned in the past, from old procedures, from what no longer corresponds to the new realities in Romania. That is why firm measures are needed to organize this sector as well, to bring the economic and financial mechanism to the level of development of the new forms of collective leadership, to do away with all that does no longer correspond."

Followed the Decision of the March 1978 Plenary Session of the Central Committee of the Romanian Communist Party, of outstanding importance in specifying the goals of the new economic-financial mechanism. The requirement

of switching to a new quality of economic activity necessarily involves upgrading the economic-financial mechanism so that the economic units, their bodies of collective leadership may have the adequate leverages for best possibly fulfilling their role and duties, in order to stimulate greater economic efficiency and material incentives for working people in better utilization of existing resources and obtaining of superior economic results.

For the achievement of these objectives regulations were adopted such as the law on the organization and management of economic units, the law on planned socioeconomic development of Romania, the law on finances, the law on the formation, planning, appropriation, and payment of profits, the law on economic contracts, and so forth. A sound basis has thus been created for the application of the new economic-financial mechanism and also favorable conditions for the firm promotion of the principle of economic self-management and self-administration.

What actually does it mean for the economic unit to conduct its activity on the basis of the principle of self-management and self-administration? There is nothing more simple and more logical: paying its expenses from its own incomes. It means not working purposelessly, as, unfortunately, is sometimes the case, and then appealing to the state budget. Self-management means returning the sums advanced by society and actively participating in the formation of the central sources of the state. In this context, the budget of incomes and expenses, a tool on which we shall dwell again, is an outstanding factor.

In 65 days, including today, we shall enter the new five-year plan period. Are we now certain that all economic units have finalized their self-management system? If we wish to fool ourselves, our answer is affirmative. But we are realists and are aware of the actual situation in enterprises. Hence, we must state that self-management, this "gear" in the comprehensive economic and financial mechanism, is still moving rather slowly and hesitantly.

Naturally, there is the question of why are some enterprise managers delaying to organize production on the basis of the new economic-financial mechanism. Simply because the new economic mechanism requires a new, revolutionary, specific style of work. One felt better under the warm protection of overall production. Hence, responsibility, also, was on an overall plane. The new economic-financial mechanism has a merciless attitude against half-measures and red tape.

The manager of the enterprise, the collective which he heads, are assessed by the physical output and the net output, by the profits which they achieve, profits evidenced by the local budget. The collectives of working people already are familiar with the economic plan of their own unit for 1981. As is normal, the plan incorporates the basic ingredients of the budgets of incomes and expenses: the volume of output, the volume of investment funds, the level of operating costs, the remuneration fund, other financial assets for completing social projects, and so on. The rigorous, detailed implementation of the budget of incomes and expenses actually means wise management of the material assets entrusted by society to the collective involved,

it means concern for greater labor productivity, integration into the consumption rates for materials, fuel and energy. In other words, self-management means greater responsibility in work and order and discipline in all the sectors of activity.

It is clear that only in this way we can assure the harmony between socialist worker democracy and the economic mechanism, with the bodies of collective leadership in enterprises and centrals thus having the necessary tools for promoting greater economic efficiency and material incentives for working people in obtaining the best possible results.

In this context, the preparation of the budgets of incomes and expenses for 1981 is a decisive factor in strengthening economic-financial self-management. It is normal for each enterprise to create its own funds for meeting the current needs of production, for payment of work, meeting the investment requirements for expanding the enterprise and housing construction.

Undoubtedly, self-management coupled with economic-financial self-administration enables ministries, industrial centrals and enterprises -- all together and each individually -- to plan and achieve the entire output in conformance with the actual needs of the domestic and foreign markets. Now the guide no longer ought to be overall output, because we produce not for the sake of producing but for the products involved to assure the satisfaction of the real needs of production and consumption of the population and for meeting the export requirements.

Dwelling again on the budget of incomes and expenses, a basic tool for strengthening economic-financial self-management, it must assure the financial balance, which is of vital importance to all economic units. In other words, one should not reach the point of consuming more than one produces. This principle will certainly result in promoting in day-to-day work a greater drive to wisely utilizing the material and financial assets and labor. Rigorous evidence of expenses and of the results of production by the body of collective leadership will help to stimulate every member of the enterprise to work better, to be a better administrator, to make every effort for his factory, construction site to be profitable.

The question also arose whether self-management and self-administration do not contradict the basic principle of our party and state, democratic centralism. We already have many examples and practical results which prove that worker self-management and self-administration create actual prospects for the best possible fulfillment of the increased assignments given to the basic units and their bodies of collective leadership. The dovetailing of democratic centralism with the increased duties of economic units only results in greater initiative in implementing the laws and decisions taken on a central scale, for the exemplary completion of the uniform national plan for socioeconomic development of our country.

## ROMANIA

### EFFORTS OF TRADE NETWORK TO SATISFY NEEDS OF CONSUMERS

Bucharest ROMANIA LIBERA in Romanian 24 Oct 80 p 2

[Interview with Ana Muresan, minister of domestic trade, by Mircea Scripca]

[Text] [Question] At the recent plenary session of the Central Committee of the Romanian Communist Party great emphasis was placed on the problems of production and marketing of consumer goods. What steps will the trade sector take to implement the tasks outlined, for the purpose of better supplies of commodities to the population?

[Answer] The proceedings of the plenary session of the Central Committee of the Romanian Communist Party held on 14-15 October 1980 marked a special point in the life of our people. In his speech party secretary general Nicolae Ceausescu made a profound, scientific analysis of the accomplishments under this five-year plan and gave the guidelines for 1981, the first year of the next five-year plan. The instructions given at the session by the party secretary general are an outstanding support to the consumer goods industry and also to trade, in guiding their activities for the purpose of better supplies of commodities to the population.

In the context of the significant achievements obtained in the overall economic growth, trade -- as an important component of the improvement in the standard of living and the quality of life -- has developed correspondingly. Compared with 1975, the sales of retail goods now are 50 percent higher and the structure of supply has continuously expanded, reaching approximately 320,000 products and brands. Moreover, the socialist trade network under this five-year plan has increased by about 2 million sq m. Department and general stores, with ample facilities for using modern marketing forms, were built in almost all Romanian counties.

The conditions ensured provide a sound basis for upgrading trade, for better meeting the consumers' needs.

[Question] What is being done during this quarter --in the fall-winter period -- to ensure proper supplies to the population?



[Answer] In the first place I would like to point out that -- as a result of the concern displayed by the leadership of our party and state -- this quarter will see an extra output of consumer goods valued at about 3 billion lei and next year will see an extra output of 10 billion lei, which will add to the existing resources and will upgrade the supplies to the population.

During this period much attention is paid to supplies of farm foodstuffs. In spite of adverse climatic conditions this year, adequate amounts are ensured in terms of potatoes, vegetables and fruit, for both current consumption and winter supplies. During the 1 September-15 October 1980 period the socialist trade units sold to the population 120,000 tons of potatoes, 181,000 tons of vegetables (onion, cabbage, peppers, and so on), 33,600 tons of fruit, and 41,600 tons of grapes. A significant factor in this area involved the organization of the "Month of Horticulture," sponsored by the General Economic Directorate of Horticulture in the Ministry of Agriculture and Food Industry. The assuring of supplies continues to run smoothly. Marketing provisions for this quarter -- versus the corresponding period of last year -- envision increased quantities: by 35.8 percent for potatoes, by 32.3 percent for vegetables, and 13.6 percent for fruit. Furthermore, steps are taken to store the vegetables and fruit needed for marketing in the first half of 1981. Because there are lags in this area in some counties, the produce transportation and storage procedures must be accelerated.

Quantitative increases are anticipated in this quarter -- versus the fourth quarter of 1979 -- also for other products, such as: 14.8 percent for bread, 10.2 percent for pasta, 3.2 percent for cut meat, 30 percent for meat products, 24.8 percent for animal fats, 19 percent for canned vegetables, 13.2 percent for tomato paste, 13.5 percent for rice, and so forth.

[Question] During the cold season, also other products are in demand with the population, such as warm fabrics and garments, knitted goods, fuel, and so on. What steps were taken to ensure proper supplies of these commodities?

[Answer] In the textile-footwear sector we ensure supplies of a larger amount of season items to the stores. Compared with the same period of last year, in this quarter we are marketing 8.5 percent more overcoats for adults and children, 6.2 percent more knitted goods, 5.9 percent more footwear out of substitutes, man-made material and rubber, and greater quantities of warm fabrics (twilled cotton, flannelette, and velveteen). Moreover, we ensure supplies which are 5 percent greater for heaters that use solid fuel, 6-8 percent greater for housewares for the cold season, and so on. Furthermore, we continue to ensure the supplies of firewood and coal for the winter, in the amounts needed for sensible consumption; in case of adverse weather, season warehouses will be opened.

For the full implementation of the provisions in the marketing plan for the fourth quarter, just as of the provisions for the entire winter period, the supplier units must strictly meet their contractual obligations and take steps to eliminate the backlogs in terms of some specific cold season items.



[Question] What are the provisions for 1981?

[Answer] According to the Uniform National Plan for Socioeconomic Development of Romania in 1981, the total volume of retail sales of goods through the socialist trade units will be 225.5 billion lei, with a significant increase over the level for 1980.

In light of the instructions given by party secretary general Nicolae Ceausescu, for next year the product structure of commodities was determined according to classes of quality: lower-priced products, representing 50 percent of the total of consumer goods, which are specifically meant for people with lower incomes, and some products of higher quality. Based on this new orientation of the production and marketing of consumer goods, we ensure the firm application of the principles of socialist ethics and equity and also create greater facilities so that the population may find, according to their incomes, products conforming to their needs.

Also, an important factor will involve the increased input of counties in establishing the fund of goods, by achieving a supplemental output, as a result of purchasing extra amounts of produce from the available resources of the population and by expanding small-scale industry. For the purpose of assuring balanced supplies throughout the country's territory, the 1981 plan assignments were determined for the various counties -- in addition to the total volume -- also in terms of a number of important products.

[Question] Please give us a few details on contracting for the fund of commodities for 1981.

[Answer] From the outset I would like to point out that special attention was paid to the projects of contracting for the fund of commodities for next year, based on the broad consultation of the county councils of consumers' representatives conducted at the 11th Consumer Goods Fair. The better substantiation of the needs for goods of trade units was achieved through the various forms of surveying the needs of the population, which involves a new and vigorous manifestation of the democratic nature of our socioeconomic life.

In light of the specific character of each group of commodities, the nature of production and of consumption, the procedures of contracting for the fund of commodities for 1981 developed in phases for nonfoods. For farm foodstuffs, contracts will soon be finalized, at the conclusion of agricultural balances. In the textile-footwear sector, contracts were concluded, valued at more than 20 billion lei. They mostly involve -- in accordance with the specific nature of these items -- the merchandise which will be delivered to trade units in the first half of next year. I must point out that -- from the displays at the fair -- contracts were concluded for about 5500 styles of garments, knitwear, footwear, notions and leather items, and other goods, largely new and modernized products.

In the metalchemical sector, firm contracts with industry involved commodities totally valued at 28.3 billion lei, with more contracts in the process of being concluded, designed to fully cover the fund of commodities planned for next year. For instance, in the furniture sector, contracts involve a

fund of commodities valued at more than 800 million lei, in a range of products that was renewed 35 percent. Moreover, the contracts concluded for 1981 -- in comparison to 1980 -- will result in significant increases for the products in higher demand on the market, such as: 18 percent for detergents, 15 percent for compressor refrigerators, 10 percent for earthenware tiles and bathroom items out of earthenware, 12 percent for bathroom fixtures, 10 percent for electrical batteries, 15 percent for tires, and other items, for the purpose of better meeting the needs of the population for these goods.

While by and large, adequate quantities were ensured under contracts for most products, there still are some commodities for which the manufacturing enterprises are required to make supplementations. These must be made as part of the 10 billion lei supplementation for next year established by the party and state leadership. This actually also is a central concern of ours, the workers in the area of trade, namely fully ensuring the fund of commodities envisioned under the plan and its smooth transfer from the furnishing units, for the purpose of the proper supply of stores.

[Question] However, there are cases when some kinds of merchandise are harder to find in the stores. Why?

[Answer] There are complex causes. One of them involves unsmooth delivery of some products, a fact that creates temporary hiatuses in supplying the stores. Of course, in conjunction with industry, we try to avoid these situations and make efforts to assure continuity in supplying the entire trade network.

In other cases, the situations which you mentioned result from some deficiencies in the transfer of goods from warehouses to the trade units and from the dishonesty of some trade workers who -- instead of putting up for sale the entire range of merchandise received -- promote sales of some products only to special buyers, in exchange for material benefits. It is an attitude which we totally disapprove, because it contradicts the principles of socialist ethics and equity. We take firm action against these attitudes, by various educational procedures and, when appropriate, by disciplinary measures.

For the purpose of providing civilized, correct and prompt service to shoppers as part of recent projects, conferences were held in some towns in the provinces and in Bucharest -- organized in conjunction with the Union of Trade and Cooperative Trade Unions -- with the executives and active of local trade. These conferences were geared to highlight the good results obtained in this field and also to discuss violations of trade regulations and laws of our state by some workers and to take appropriate measures.

Under the guidance of party organizations, the efforts to educate trade workers in the spirit of socialist ethics and equity and the country's laws will be stepped up.

In this program to eliminate negative phenomena from trade, citizens ought to more firmly speak out and protest against the buyers who purchase quantities

that far exceed their needs and thereby prevent other buyers from satisfying their needs. The Ministry of Domestic Trade, through its central and territorial apparatus, has taken -- and will continue to take -- measures of severe punishment, going as far as removing from the trade sector the workers who promote such actions. However, it is the duty of all shoppers to take immediate action whenever buyers show tendencies toward excessive purchasing.

By acting on this line at all levels in the trade sector, in close cooperation with the consumer goods industry, by most intelligently using the existing trade network and completing new trade facilities -- the minister concluded -- the trade sector will better implement its highly responsible tasks in the area of providing supplies and serving the population.

11710  
CSO: 2700

## SUCCESSSES, REQUIREMENTS IN STANDARDIZATION OF PRODUCTION

Bucharest ERA SOCIALISTA in Romanian No 22, 20 Nov 80 pp 8-10

[Article by Dr Eng Ion Hera-Bucur]

Text As we know, more than a year ago at the Working Conference with Technological and Construction Designers Comrade Nicolae Ceausescu outlined a new plan for the content and organization of typification activity in Romania that will make it an effective instrument for rationalizing production, reducing material inputs and improving product quality and reliability. As Comrade Nicolae Ceausescu said at the Plenum of the RCP Central Committee of 14-15 October 1980, "Steps must be taken to finish up operations for typification and setting material consumption norms more rapidly, because the 1981 plan and the five-year plan are based upon rational norms, rational inputs, and typification of the products, materials, and various assemblies and subassemblies, and that means we must provide for the proper technical level, quality and productivity."

## A Source of Great Savings

In its general sense typification means the activity of developing technological, organizational, structural and other measures accepted as best suited technically and economically to the given purpose and the respective stage and specifying them in the technical documentation. The scope of typification in the Romanian economy is so broad that it can be said without exaggeration that industrial progress is now impossible without development of this activity and large-scale application of the technical norms and standards for sectors, consumption norms and other regulatory documents resulting from the process of typification and standardization.

Typification is one of the activities that have received the necessary recognition and full support of Romania's leading authorities. This encouraging statement is made by all specialists in plants, research laboratories or technological engineering and design sections, who are aware of the powers of typification and standardization for socioeconomic change and have devoted much labor over the years to promoting the theory and practice of this applied discipline.

In the last period Romanian typification and standardization were urgently confronted with the dilemma of diversification-specialization, in view of the necessity of meeting all demands of the domestic and foreign markets with economical manufacture



and a greater contribution on the part of typification to conservation of materials, energy and fuels.

The effort to typify construction operations was intended, in the first place, to restrict the number of procedures that are designed, which often contain duplications, on the basis of a detailed analysis of the entire supply of designs, and in the second place to extend the scope of typification to new fields of construction because standard designs had not been prepared in the past or existing designs covered too limited a field to meet the needs of the economy. Study of over 1,500 construction designs in 1979-1980 and correlation of the most technically and economically successful solutions resulted in about 700 standard designs (more than 50 percent less) that are now in use, including 144 models and standard designs for capacities common to several sectors such as water tanks and sedimentation tanks, boiler rooms for steam-generating stations and heating stations burning solid fuel for heating housing subassemblies, cooling towers (with forced or natural draft), water supply and sewerage projects etc. The preliminary estimates indicate that application of the standard designs will save nearly 600,000 tons of cement in the next five-year plan, about 130,000 tons of steel, over 600,000 tons of conventional fuel and almost 5 billion lei in construction-installation operations compared with the procedures in use before typification.

Outstanding results were obtained when typification was based on interdisciplinary and multidisciplinary studies such, for example, as corroboration of the studies made in construction and the construction materials industry for designs of light structures of allied materials and extended use of precompressed concrete, economical profiles of sheet steel etc. Wide-scale application of new structural systems has been recommended, with simplified joining and intensive industrialization of the designs, with spaces and compartments limited to dimensions strictly necessary for the industrial functions of the buildings. Further use is being made of local materials and and by-products as, for example, ash slag from heat and electric power stations, phosphoric gypsum, gypsum plaques and strips, and fiberboard. To rationalize use of fuels and to reduce energy consumption, effective measures (triple windows, double skylights) have been recommended to improve thermal insulation of buildings, as well as use of less energy-intensive materials, rationalized systems of heating installations, recovery of heat, use of solar energy, etc.

The foregoing data bear out the correctness of employing major planning and development forces in enterprises and institutes to prepare studies, designs and other technical-regulatory documents for typification in construction, and especially the necessity and advantages of continuing typification work in this production sector on a higher level in the next period. The main improvement in typification in this sector consists of integrated examination of manufacturing methods, industrial equipment and the structural design of the buildings, as opposed to the methods previously in use when typification was confined solely to construction properly speaking.

Application of the methods of typification and standardization to design of machines, equipment, assemblies and industrial installations provides great possibilities for rationalizing production. The number of more than 700,000 standard sizes of products in manufacture in metallurgy, machine building, chemistry, construction materials, light industry etc. can be reduced by about 50 percent, with expected savings of almost 1.1 billion lei in 1980 and over 5.1 billion lei in the next five-year plan. The savings will be made by simplifying production and lowering its costs, introducing new industrial processes, using more efficient producer goods, reducing costs of preparing manufacture per unit of output, etc.



Upon examining the methods of typification used in various economic sectors, we shall note that in metallurgy, for example, the emphasis was on output of a limited range of standard sizes of iron and steel products to meet a wide range of requirements. By improving the quality of the metal and intensifying studies of the beneficiaries' real needs, the number of standard varieties of ferrous products was reduced from about 180,000 to nearly 90,000, and that of makes of steel from 700 to 166. Henceforth ferrous metallurgy will produce strictly necessary varieties and standard sizes, according to the lists, standards and other technical-regulatory documents prepared and approved at the start of this year. This will permit reduction of the number of methods of steel processing and greater production capacities through more rational use of metallurgical machine tools and a constant product quality. Estimated savings in the metallurgical sector thanks to the recent typification program are expected to exceed 140 million lei by the end of 1980 and to reach about 600 million lei for the next five-year plan.

Typification of the products of the machine building sector required analysis of more than 300,000 standard sizes of machines and equipment, resulting in suggestions to stop manufacture of about 42 percent of the standard sizes and varieties, which suggestions will lead to expected savings of almost 800 million lei in 1980 and over 3 billion lei in the course of the 1981-1985 plan. Efforts were made to reduce the number of obsolete products with outmoded structural and functional parameters or those with different structural characteristics although they were intended for the same manufacturing process. The effort was also made to manufacture in Romania as many products as possible that are now imported, as well as some very common materials and supplementary subassemblies. One important result of the typification operations in machine building was the final determination of the basic structures of the systems of machines and equipment for the main types of manufacturing processes. This will make it possible to rationalize their design and manufacture and, ultimately, to completely mechanize the production sections and buildings.

Comparable results were also obtained in the other economic sectors, such as light industry, the forestry and construction materials industry, transportation, the enterprises of the Ministry of Electric Power, the mines, petroleum and geology sectors etc., where typification activity has recently acquired qualitatively new dimensions and aspects compared with what had been previously initiated and accomplished in this field.

All these sectors as well as the ones mentioned above still have great potentials for expanded typification and its greater effectiveness in the future. For example, typification must be intensified in road construction and cement consumption must be reduced through wide-scale use of slag and ashes from heat and electric power stations, traditional local materials etc. Development of standard designs for small electric power stations and hydroelectric power stations to exploit the entire energy potential of Romania's inland rivers shows great promise. In agriculture, it is rational to continue making low-capacity units according to the needs of each county, and light industry has great potentials for making many construction materials to replace the scarce and expensive ones. This applies especially to the light and cheap materials used in manufacturing some construction elements, those needed for high-quality thermal insulation, etc. In the construction materials sector it is possible to assimilate a larger assortment of materials, sections and simple space elements, to introduce domestic materials into the production cycle, to make better use of the natural resources in each geographic area, etc. And

finally, efforts must be made everywhere to reduce the inputs of energy-intensive materials and to use more cheap local materials.

#### Requirements for Better Activity

Analysis of the experience acquired in typification of constructions and industrial products in Romania in the past year especially brings out the great possibilities of this activity, which are far from exhausted, for a more active contribution to rationalisation of production and its greater economic effectiveness. In the construction sector, for example, this possibility lies in better correlation of typification operations with setting scientific norms for the material inputs, so that any standard design will be accompanied by lists specifying ceilings on the quantities of materials (cement, metal, wood etc.) needed for the respective construction, just as the standard prices are set in the general estimate of any new investment capacity. In this way typification can become an efficient instrument for applying the new economic-financial mechanism based on growth of net physical production or of the newly created value in the production process along with reduction of material inputs. In connection with the above-mentioned point, specially formed collectives must prepare the designs for typification of all construction materials, wherein special emphasis is required on development of production of the materials which call for limited inputs of fuel and energy and which are plentiful in Romania.

Since in most cases the machine building industry has emphasized typification of the finished products more than unification of the structural components of the various types of products with the same structural and functional characteristics, it would be desirable to shift the emphasis in typification there henceforth to the latter consideration. Intensified typification and unification of the structural elements of the products (assemblies, subassemblies and parts) will accomplish the present most important objective of Romanian typification, namely the greatest possible diversification of the products along with the greatest possible reduction of the number of their components. As a matter of fact, advanced experience in the field of typification indicates that any new product or any variant of an existing product must be manufactured with 70-95 percent typified elements and no more than 5-10 percent particular, original elements. This increases the series manufacture of the parts and subassemblies and guarantees application of advanced working methods as well as minimal losses of materials and energy inputs. Party Secretary General Nicolae Ceausescu stressed this point on his visit of 26 June 1980 to the Bucharest Machine Tool and Aggregates Enterprise, when he requested "measures to be taken for more rapid transition to the program for typification of subassemblies and to manufacture of production lines and machine tools on that basis." But the comment applies to most of the subsectors of the machine building industry and not just to the machine tools group, where this shortcoming was found.

Great possibilities for more effective typification, so far insufficiently exploited, are offered by better combination of that activity with the measures and principles of specialization and cooperation. In this respect there is no technical or economic justification for situations where production of the same group or family of equipment (for example, machines and equipment for metal processing by hot or cold plastic deformation) is fragmented from the standpoints of research, design, assimilation and manufacture among several planning and development institutes, enterprises and industrial centrals. Similar cases are also encountered in the case of other groups of machines. A problem that has been underemphasized so far and one which I think should receive more theoretical and practical consideration henceforth

is that of typification of manufacturing methods, as a natural corollary of typification of the products in machine building and other fields. And finally, it is vitally necessary to promote rationalizing calculations in typification-standardization activity, based upon use of objective criteria indicating how far unification and restriction of types of makes and products do not affect the output of the sectors that are beneficiaries of the standard varieties demanded by the technological requirements and those of economic effectiveness.

Of course maximum economic effectiveness is the final criterion for justifying any typification operation, since the output produced with typified equipment and materials will be reflected in the lowest possible production and especially material outlays in all the economic and other sectors that use the typified product. This calls for complete quantification of economic effectiveness throughout the production-exploitation (consumption) cycle and not in one area of it alone. Generalization of the measures based on rationalization and of the calculation of the integrated economic effectiveness are qualitative considerations that should govern typification, as well as major requirements with which practice confronts typification and standardization in the present stage of development of the Romanian economy.

It is becoming increasingly clear that the new forms of typification and standardization advanced in recent years by modern science and technology must be promoted, such as systemic treatment of typification, overall standardization, and preliminary standardization. In considering in depth the last concept alone, that of preliminary standardization, we note that under the conditions of accelerated technical-scientific progress the technical-economic indicators adopted in the planning stage of a product often cease to be competitive in the course of assimilation and reaching the stage of industrial production, even if it was originally based on the latest studies and advances in science and technology. Therefore when the products are designed the specified indicators must be calculated to guarantee that they will be viable in time. To this end typification and standardization must be oriented not only toward regulation of the existing output but especially toward the products in the designing stage or even in that of ideas and development, where technical and economic forecasting calculations are used.

From the standpoint of coordinating typification operations, the collectives in enterprises and institutes that are responsible for that activity feel the effects of inadequate methodological training and guidance, as indicated especially by the absence of any uniform or clear subject matter or conception of the work. As a result differing viewpoints have often been adopted, operations have been repeated several times, important subjects of typification have been undertaken very late (imports for example), etc. Such defects can be eliminated in the future by more attention to the theoretical and methodological aspects and guidance of typification and by closer collaboration among the elements with such responsibilities on various levels. These points were discussed at the National Symposium on Typification in Machine Building held between 3 and 5 July under the auspices of the Ministry of the Machine Building Industry and Brasov University, where the necessity of developing the science of typification and standardization was urgent on the agenda.

The standard and effectiveness of typification can be greatly improved in the light of the older and newer experience acquired in Romania and on the basis of more regular information concerning progress in other countries. This objective calls for persevering efforts on the part of highly qualified specialists who also have sufficient flexibility of thought and action. The training of such specialists clearly

begins in college, and then the first years after graduation are critical. For the foregoing reasons, we note with satisfaction the recent regulations on direct assignment of well-trained and gifted graduates to research and design. It now depends upon good organization and management of the new graduates' apprenticeship on the part of those who work in the research and design sections to which they were assigned, so that while mastering the technological innovations in the field they will enhance their skills acquired in college at learning thoroughly and permanently. Experience shows that the youths in this category are highly receptive to design procedures based on the principles and methods of typification and unification, something that does not always come easily to engineers in the older classes who have practiced designing by classical, traditional methods all their lives.

5186

CSO: 2700



# LAW REGULATES DEVELOPMENT OF SMALL INDUSTRY

Bucharest BULETINUL OFICIAL in Romanian Part I No 89, 22 Oct 80 pp 1-7

[Law Regarding the Development of Small Industry]

[Text] On the basis of article 57 of the Romanian Constitution, we sign and order to be published in BULETINUL OFICIAL of Romania, Law No 2 of 17 October 1980, regarding the development of small industry.

Nicolae Ceausescu  
Chairman of the Socialist Republic of Romania  
Bucharest, 21 October 1980

## Law Regarding the Development of Small Industry

The fulfillment of the program for building a multilaterally developed socialist society imposes the most efficient use of all material resources and of the labor force available in the national economy, and a sustained increase in the value derived from them.

In this context, an important role is played by the material and labor resources existing in communes and towns, which can be utilized in small industry.

Small industry conducts its activity under the direct leadership and guidance of peoples' councils; its major goal is to contribute to the development of material production in society, mainly through the exploitation of natural resources, secondary animal, vegetal, and industrial products, reusable materials, as well as other resources of raw materials and local materials.

Similarly, small industry must seek development and diversification in the production of consumer goods and services, so as to properly satisfy the demand of the population and other needs of the national economy. A special role in these activities must be played by the production of craft and folk art items, so as to substantially increase the proportion of small industry products for exportation.

Small industry must help create conditions for including in production and service activities, the available labor force throughout the year, assuring for those who work in this domain, incomes that correspond to their production.



For this purpose, the Grand National Assembly of Romania adopts the present law.

#### Chapter I. General Provisions

Article 1. Small industry, an integral part of the socialist economy, constitutes an important domain of the society's material production which must make an increasingly large contribution to the general development of the economy and the continued improvement of the population's standard of living.

Small industry includes the production and service units of peoples' councils, crafts cooperatives, consumer cooperatives, the industrial activities of agricultural production cooperatives, as well as the activity of authorized small craftsmen and other production and service activities organized according to law.

The principal objective of small industry is the production of consumer goods, household and housekeeping articles, toys, textiles and clothing, folk clothing, rugs, other craft and folk art items, food products, construction materials, fabrication, repair, and reconditioning of parts, assemblies, and subassemblies for the needs of the population and industry, housing maintenance and repair, production of goods in cooperation with other economic units, milling, and other services, so as to satisfy the demands of workers and socialist units, as well as exportation needs.

Article 2. All small industry activity is carried out under the guidance and coordination of peoples' councils, independently of the affiliation of the units in which it is conducted. Peoples' councils are responsible for the good organization of activities in production and service units, the efficient utilization of material resources and the labor force, and the most satisfactory fulfillment of the population's demand for products and services.

Article 3. Small industry units operate according to the principles of worker self-management and economic-financial self-administration, on the basis of their own income and expense budgets, assuring a sustained growth in income and the most efficient utilization of all their material and financial means.

In keeping with the economic-financial mechanism, small industry units must achieve a high economic efficiency through a superior utilization of raw materials, and the production of inexpensive items with the highest possible degree of processing and value, low production costs, and corresponding profits, according to law.

Small industry must assure increased production and services, so that each unit will contribute to the general development of society, and form its own funds for self-financing and for covering other expenses stipulated by law.

At the same time, the activity of small industry must assure a judicious stewardship of goods, the exercise of rigorous control, as well as heightened responsibility, order, and discipline in the labor process.

Article 4. Small industry must contribute to the exploitation of all material and labor resources available in communes and towns, and to increased production of goods and services through the introduction into the economic traffic, of all available raw materials and local materials, assuring primarily:

a) The production development of some construction materials through the extraction and processing of quarry and river gravel, sand, marble deposits, calcareous rock, volcanic tuff, clay, and other similar materials;

b) The organization of extraction and exploitation from small deposits and deposits with reduced reserves, of coal, peat, iron, copper, gold, and silver ores, as well as other low-grade metallic and non-metallic resources for the steel, metallurgical, and chemical industries, and of semi-precious and similar stones;

c) The most extensive possible use of cane, straw, sorghum, corn leaves, cattails, reeds, sedge, and other similar local raw materials, so as to produce items for domestic consumption and exportation, as well as a substantial expansion in the exploitation of medicinal plants, and of vegetal and mineral raw materials to obtain chemical products, paints, cosmetics, and so on;

d) The production development of canned, semi-preserved, and other food items derived from the processing of available agricultural products, secondary vegetal and animal products, mushrooms, forest harvest, and other similar raw and other materials;

e) The organization of the exploitation of wood resulting from windfalls and forest clearings, in inaccessible locations, with the approval of the Ministry of the Forestry Economy and Construction Materials, and the use of these materials to produce consumer, craft, and other goods;

f) The production development of tool kits and small tools, highly processed, small scale sports and travel goods, small and complex machine tools for technical, radio, physics, and chemistry applications, small-run products for teaching, and so on.

Small industry will also assure the collection and utilization, as a function of plan tasks, of raw materials and reusable materials, parts and subassemblies obtained from the dismantling of used fixed assets, durable, and personal goods, metal resources, chemical products, wood materials, textiles, leather, residual aeroflight substances resulting from production and consumption processes, and so on.

Article 5. The development of small industry activity will be oriented so as to bring industrial production and services closer to the population, through the creation of a broad and diversified network of small, readily accessible units, which will provide varied, prompt, and high quality services, thus eliminating unnecessary transportation and displacements.

Article 6. The development of small industry activity will primarily use the space, machinery, tools, and devices available in their respective units or in other units of the economy, through redistribution, transfer, or rental under prevailing regulations, as well as through cooperative actions.

Article 7. The activity of small industry must be carried out with reduced energy consumption, making the largest possible use of secondary resources and lower grade fuels.

In order to satisfy their own power needs and those of socialist units and the population, small industry units will build micro-hydroelectric plants, installations for using solar and wind power, water power (mills, sawmills, carding stations, and so on), as well as biogas plants, and if need be, only some parts or portions of such plants and installations.

Article 8. The products fabricated by small industry are sold on the basis of contracts with socialist organizations, for domestic and foreign use, as well as directly to the population. In addition, some products can be sold through sales units of small industry at fairs, markets, and so on, according to prevailing regulations.

Article 9. Small industry units will make it possible to make use of the available labor force for the production of material goods and for services; cottage industry production and services will be expanded and diversified by employing women, retirees, the handicapped, and other similar categories of people.

All workers who are active in small industry will derive incomes on the basis of agreements, piece rates, or percentages, in direct ratio to the volume of their production or effective services.

## Chapter II. Organization of Small Industry Activities

### Section I. Organization of Activities in Peoples' Councils Units

Article 10. Municipal, town, and communal peoples' councils organize in accordance with prevailing legal provisions, small industry units within their own territorial-administrative areas, to produce material goods and services to satisfy the needs of the population, socialist units, and exportation. Some units can be organized according to law, subordinated to county peoples' councils.

Similarly, peoples' councils together with educational organs will develop small industry activities carried out as production practice for school, high school, as well as higher education students, so as to fabricate industrial products, and especially consumer goods.

Article 11. Units organized by peoples' councils will primarily assure the production of construction materials, household and housekeeping items, food products, and other consumer goods for satisfying the needs of the area's population; they will produce and restore parts, devices, and subassemblies in cooperation with units of the national industry and other socialist units; manufacture products and conduct projects required by units of local state organs; and render services, including milling, chemical cleaning and washing, housing maintenance and repair, and other activities for citizens and socialist units.

Article 12. Units subordinated to peoples' councils are established and organized according to legal provisions.

Article 13. The activity of peoples' councils units will consistently seek to apply the principles of worker self-management and economic-financial self-administration, to develop production and increase economic efficiency, and to increase their contribution to local budget incomes.

Article 14. Peoples' councils will assure the development of the raw and other material basis necessary to the economic activities of the units which they organize, the collaboration and cooperation of these units with state or cooperative units, and will attract, train, and use the available work force in these activities.

**Section II. Organization of Activities in Units of Crafts Cooperatives, Consumer Cooperatives, and Agricultural Production Cooperatives**

Article 15. Small industry units are organized by crafts, consumer, and agricultural production cooperatives in accordance with legal regulations regarding cooperative activities, statutes of cooperative organizations, legal regulations regarding the development of economic and service activities in cooperative units, as well as other legal provisions.

Article 16. The activity of small industry units of cooperative organizations is conducted on the principles of worker self-management, economic-financial self-administration, and cooperative democracy, by drawing all cooperative members into the management of public affairs at general assemblies and within other management organs stipulated by statutes.

Article 17. Small industry units of crafts cooperatives are organized and conduct their activities primarily in urban areas. The major objectives of these units is to provide services to the population and socialist units; produce consumer goods, as well as folk art and craft items; and fabricate and repair parts, devices, and subassemblies by cooperating with state industrial enterprises and other socialist units, for domestic consumption and exportation.

Organizations of crafts cooperatives will develop the purchase, reconditioning, and resale of durable goods from the population, as well as the repair and reconditioning of assemblies, subassemblies, and other spare parts for their own needs and those of other socialist units.

Article 18. Production units of consumer cooperatives are organized primarily in rural areas. Their major objectives are to produce consumer goods, household and housekeeping items, crafts, bakery goods, preserves and semi-preserves of vegetables and fruits purchased from the population, and other food products; provide services of an industrial nature to the population and to socialist units; and produce and recondition parts, devices, subassemblies, and other goods, including through cooperation with industrial enterprises and other socialist units, both for the population and for exportation.

In addition, as part of their services in non-cooperative rural localities, consumer cooperative units can form specialized teams for housing construction, organize the transportation of goods using animal traction, and provide services of a non-industrial nature to the population.

Article 19. The major objectives of small industry in agricultural cooperative units are to process and industrialize agricultural products; extract, process, and sell minerals and wood; produce construction materials, consumer goods, and crafts from vegetal raw materials and other materials specific to the forestry and



agricultural sectors; fabricate and recondition parts, devices, subassemblies, and other goods, including through cooperation with industrial enterprises and other socialist units, for domestic consumption and exportation; and provide services to the population and socialist units, especially in rural areas.

In addition, as part of their service activities, agricultural production cooperatives can form specialized teams for housing construction in rural areas, and can organize the transportation of goods for the population's needs, using animal traction.

In organizing and developing the activities stipulated in paragraphs 1 and 2, the managements of agricultural cooperative units and county agricultural organs will seek consistently to increase their contribution to the economic consolidation of each unit; satisfy as fully as possible the specific needs of commune inhabitants, other needs of the economy, and exportation; better exploit the resources available in each unit; and assure that the labor force of peasants in cooperatives is fully and reliably employed throughout the year, and that the income of this labor force is increased.

Members of agricultural production cooperatives can usually work in small industry activities within the cooperative organizations to which they belong.

Activities are organized in agricultural production cooperatives and inter-cooperative economic associations of an agricultural nature -- as separate economic sectors with their own income and expense plans -- as well as in inter-cooperative economic associations of an industrial nature.

Article 20. In order to satisfy as well as possible the population's need for services in rural areas, agricultural mechanization stations will organize in their own mechanization departments and shops, activities for maintaining and repairing agricultural machinery, other mechanical, electrical, and automotive equipment, as well as radios, television sets, and other household and housekeeping items.

Article 21. All cooperative units must organize small industry activities according to economic and high efficiency criteria, fully cover their expenses from their incomes, as well as obtain and distribute profits in accordance with legal provisions and statutes.

Article 22. Those who are active in small industry units organized by cooperative units, can participate with monetary means in the development funds of the units to which they belong, and are entitled to receive from the profits of the units, annual incomes proportional to the sums contributed by them.

The rates for contributions and the rights created by these contributions are those regulated by law and by the statutes of crafts cooperative, consumer cooperative, and agricultural production cooperative organizations.

### Section III. Activity of Small Craftsmen

Article 23. In order to most fully meet the population's demand for some services, products, and projects, small industry activities can also be conducted by small craftsmen authorized according to law.



The activity of small craftsmen is carried out in close association with crafts cooperatives, which support the development of their products and services, supply them with materials, tools, equipment, and so on, guide the proper performance of their services to the population, organize their inclusion -- according to law -- into the social security system of crafts cooperatives, and improve their working and living conditions.

In rural areas, the production of small craftsmen is recorded and reported through consumer cooperative organizations, and in urban areas through crafts cooperative organizations.

Article 24. Authorization to exercise a trade can also be issued to some retirees who reach the age at which units can request retirement according to law. In this case, the respective retirees are entitled to cumulate their full pension with the monetary income derived from their work.

In their activities, small craftsmen can be assisted by their families, and can train 1-3 apprentices in their shops according to prevailing regulations.

Article 25. Depending on the specific trade and size of shop, a number of 1-3 persons may work in small craftsmen's shops after finishing their apprenticeships. The pay rate for these workers is established on the basis of elements of the remuneration system that is used in crafts cooperatives for similar work.

Article 26. Small craftsmen are supplied with raw materials, materials, parts, accessories, tools, and so on, from local resources, as well as from units of the state and cooperative commerce that operate in similar specialties, according to prevailing regulations. To this end, small craftsmen will be supported through the distribution of reusable materials from state and cooperative units.

State and cooperative socialist units can conclude contracts with small craftsmen for the fabrication of parts, devices, and other products. In this case, the necessary materials can be provided by the customer unit, and payment is based on piece work rates.

Article 27. Authorized small craftsmen can associate with one another to fabricate products or execute projects, on the basis of contracts concluded with state or cooperative units, or with the population.

The incomes derived will be taxed individually for each associated craftsman.

Article 28. Small craftsmen must declare to financial organizations the incomes which they receive, and must pay the taxes established by law.

Small craftsmen are entitled to pensions and other social security rights as part of the crafts cooperative system.

#### Section IV. Other Activities

Article 29. Peoples' councils, other state organs, and cooperative organizations can turn over to physical persons, for administration and management, production and services units with a small volume of activities and with 1-3 workers, on a contract basis under conditions stipulated by law.

The money due to persons who have contracted for the administration and management of units, is prorated from net incomes, representing the difference between gross incomes and expenses, according to law.

Article 30. In order to exploit alluvial reserves of minerals, precious metals, and semi-precious stones, or those in zones that are not industrially exploitable, the appropriate state organs can authorize physical persons, including retirees, to extract these minerals together with their families.

The conditions for conducting the activities stipulated in paragraph 1, as well as the rights and obligations of the persons authorized to perform these activities, are those determined by law.

#### CHAPTER III. Joint and Final Provisions

##### Section I. Provisions of an Economic and Financial Nature

Article 31. The activity of small industry will be included in the unified national plan for socioeconomic development. Under conditions stipulated by law, some of the materials necessary for this activity will be provided from the state fund.

Article 32. In order to develop small industry activities, state and cooperative units will initiate and organize cooperation and association actions according to law.

For this purpose, ministries, other central organs, and peoples' councils will assist in providing the necessary space and equipment, and will organize and develop economic cooperation actions, so that the use of development funds for such activities will be as restricted as possible.

Article 33. In small industry units, remuneration is determined by the effective production or services provided, on the basis of agreement or piece rates, or of tariffs or percentages for services rendered, corresponding to the branch or sub-branch of the respective unit, as well as on the basis of receipt percentages. The incomes of small craftsmen and those obtained on the basis of receipt percentages will be taxed according to legal provisions.

Retirees who work in small industry activities organized according to the provisions of the present law, are entitled to cumulate their entire pension with the incomes obtained through these activities, with payment of the taxes stipulated by law.

Article 34. In small industry units, those responsible for the units, or the leaders of work teams, receive and issue customer orders, receive payment for products and services, maintain records, and conduct other such activities, while participating directly in production.

In small industry units, the persons who also fulfill the function of responsible party can receive in addition to their due for their own achievements, as much as 30 percent of the incomes obtained by all the workers in the unit, but no more than 25 percent of their own rate of remuneration.

Article 35. The determination of prices, rates, profits, and taxes, the constitution of funds, the granting of bank credits, as well as other financial and economic aspects of small industry activities, are subject to prevailing legal regulations.

#### Section II. Use of Work in the Home

Article 36. Small industry units of peoples' councils, crafts cooperatives, consumer cooperatives, and agricultural production cooperatives, can also use work in the home for their production activities, based on analyses and economic calculations which show that this form of production organization is adequately efficient.

The list of products, projects, and services which can be performed in the home is established by central organs and executive committees of county and the Bucharest peoples' councils for their subordinated units.

Article 37. Work in the home will be performed as follows:

a) Based on a civil agreement for the fabrication of products or performance of projects at home, with rights only to remuneration for activities performed. This agreement is made when the performance period for products or projects is of up to three months, or when the assured production volume does not justify a labor contract;

b) Based on a labor contract for performance of work in the home. This contract is stipulated for a predetermined period for productions which require an uninterrupted activity of 3-12 months, or for an undetermined duration for productions which require an uninterrupted activity of more than 12 months.

The agreements and contracts stipulated in paragraphs a) and b) cannot be made with persons already employed in the labor force.

Those who make agreements or labor contracts for work in the home cannot use salaried persons to perform these activities.

Article 38. Contracts and agreements for work in the home will stipulate the conditions for raw and other materials supplies, the conditions for receipt and delivery of products, and rates for the work performed.

Article 39. The rights conferred by the status of person employed in the labor force, and those who are entitled those who work in the home on the basis of a work contract written under the conditions of article 37, letter b), are granted if the person delivers a production volume equal to the one established for those employed and active at a unit's work site, according to standards established by the Ministry of Labor, with the approval of the General Union of Trade Unions.

Article 40. The provisions of article 86 of the Labor Code, regarding the remuneration of persons employed in the labor force in the case of production interruptions for technical or other reasons, do not apply to persons working on the base of work contracts for work in the home.

Article 41. The remuneration for persons who work in the home is established by agreement, depending on the work rates and tariffs used by the customer enterprise, corresponding to the remuneration level assigned to those persons, within the fund limits approved for this purpose, and according to law.

Article 42. Socialist units which organize work in the home must create and maintain current work and accounting records that will assure a rigorous control of work in the home activities. For this purpose, those who work in the home will receive from their unit "individual production and remuneration books," standardized for specific activities by prevailing legal regulations.

Article 43. Those who work in the home carry a material, civil, administrative, disciplinary, and penal responsibility -- as the case may be -- for the proper stewardship of the raw and other materials entrusted to them by units, as well as for their utilization in accordance with established technologies and for the exclusive performance of the work contract or agreement.

Depending on the value of the raw and other materials that are entrusted, contracts or agreements with those who work in the home will provide for material or personal guarantees from other workers employed in the labor force, under conditions stipulated by law for administrators.

Article 44. Under the current law, work in the home can also be used by units subordinated to ministries and other central organs.

Article 45. The Committee for Peoples' Councils Problems, ministries, and other central organs which are responsible for units that use work in the home, will formulate with the approval of the State Planning Committee and the Ministry of Labor, technical specifications of a methodologic nature regarding the organization of work in the home.

### Section III. Coordination, Guidance, and Control of Activities

Article 46. The committees and executive bureaus of peoples' councils are responsible for guiding and controlling all small industry activities organized within their territorial administrative areas. To this end, they have the obligation of periodically examining the manner in which small industry units conduct their activities, and of assuring the satisfaction of the needs of the population and other customers, as well as the need to expand and diversify existing activities.

At the same time, through the county and Bucharest commissions for coordinating the production of consumer goods, and through councils for coordinating and guiding supply and service activities to the population, the committees and executive bureaus of peoples' councils will assure the orientation and coordinated development of these activities in each territory.

Article 47. The Committee for Peoples' Councils Problems, the Ministry of Agriculture and the Food Industry, the Central Union of Crafts Cooperatives, the Central Union of Consumer Cooperatives, and the National Union of Agricultural Production Cooperatives, will assure the guidance and support of peoples' councils and cooperative organizations, for the development and diversification of small industry production, under the conditions stipulated in the present law.

The collective management organs of cooperative organizations must take steps to develop and diversify production and services and assure their good quality, so as to satisfy under the best conditions the demands of the population and to increase contributions for exportation.

Article 48. The State Planning Committee will assure that all the production potential of small industry units is included in the draft of the unified national plan for socioeconomic development, so as to increase their contribution to production development in order to satisfy the demands of the population, of other needs of the economy, and for exportation.

Similarly, together with peoples' councils and other plan assignees, the State Planning Committee is responsible for the execution of the small industry plan, exercises sustained control over the fulfillment of assigned tasks, and initiates or adopts measures for the balanced and efficient development of small industry units, as well as the superior utilization of all material and labor resources.

The Ministry of Technical-Material Supply and Control of the Management of Fixed Assets, together with peoples' councils and other plan assignees, is responsible for proper supplies to small industry and for the collection and utilization, in accordance with plan tasks, of reusable materials and other local resources, and requires rigorous compliance with legal provisions regarding the formation and use of these resources.

The Ministry of Finance guides and controls the entire economic-financial activity of small industry units, assures compliance with legal provisions in the formulation and execution of income and expense budgets, and adopts or proposes measures to increase economic efficiency, responsibility in the management and use of funds, and plan and financial discipline.

Article 49. The committees and executive bureaus of peoples' councils, unions of crafts, consumer, and agricultural production cooperatives, county, municipal, city, and commune councils for coordinating the activities of cooperative organizations, county and district financial control, and price control inspectorates, will exercise a systematic control, or if needed, will periodically analyze in terms of their functions, the conduct of small industry activities, and will take steps to rigorously respect the provisions of the present law.

Article 50. The Council for Coordinating the Production of Consumer Goods, the Council for Coordinating and Guiding Supply and Services Activities to the Population, and the Central Council for Coordinating the Activities of Cooperative Organizations, will assure according to legal provisions and to specialization and territorial interests, the unified coordination of activities in small industry



organized in accordance with the provisions of the present law, will supervise the manner in which these provisions are being followed, and in each domain of activity, will take compulsory measures for state and cooperative organs, as well as for production units, so that they may accomplish the tasks assigned to them.

Article 51. Ministries and other central organs which are responsible for units that produce consumer goods, must assure the full completion of the tasks assigned in programs for the development of consumer goods production throughout the economy, and included in the unified national plan for socioeconomic development.

Similarly, ministries and other central organs will take steps to organize in addition to industrial units under their control, shops or special departments for the production of consumer goods, which will assure the superior exploitation of reusable materials and other resources derived from production processes, in order to satisfy the needs of the population or to obtain raw materials, materials, and other products necessary for the economy and for exportation.

Article 52. On the date on which the present law becomes effective, Decision of the Council of Ministers No 1956/1970, regarding the use of work in the home for the manufacture of craft items and other products or projects, as well as any other provisions to the contrary, are abrogated.

This law was adopted by the Grand National Assembly at its meeting of 17 October 1980.

Chairman of the Grand National Assembly, Nicolae Glosan  
Bucharest, 17 October 1980  
No 2

11,053  
CSO: 2700

SERBIAN OPSTINAS SEEK TO RETAIN AID TO UNDERDEVELOPED AREAS

Appeal From Leskovac

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1556, 26 Oct 80  
pp 20-21

[Article by Dragan Jovanovic: "The South Is Knocking on the Door"]

[Text] Last week there were three reasons for NIN to speak once again about Serbia's underdeveloped south. First: the Executive Council of the Serbian Assembly, at the suggestion of the competent ministers, did not adopt the federal draft of the law on the underdeveloped regions of the republics and Kosovo, nor did this document make an appearance in sessions of the republic assembly last week. The second occasion was the debate on the republic fund for the underdeveloped in these sessions of the chambers of the Serbian Assembly. And the third and perhaps the strongest motive was the initiative from the Southern Morava region to obtain for this area "special treatment among the underdeveloped approximately equivalent to that afforded today to the province of Kosovo and the three underdeveloped republics."

In the spring of last year and again in the fall NIN took up the topic of the underdeveloped south which is knocking on the republic's door. At that time this reporter spent several days visiting that region and one local official made an acerbic joke: "It is a good thing that you have spent a few days here with us to see how poor this region of Serbia is, though you could have noticed it even if you had just sped through on the Simplon Express between Belgrade and Salonika."

Figures, Figures, ...

This October there are not many who feel like joking. Especially after certain reflections "up there in Belgrade," to the effect that Leskovac will drop out of the underdeveloped in the coming 5-year period. The Leskovac Opstina Assembly last month took up the Draft of the Agreement on the Bases of the Social Plan of the Socialist Republic of Serbia To Hasten the Economic Development of the Underdeveloped Region in the Period 1981-1985

along with suggestions concerning the agreement which had been sent by the Presidium of the Southern Morava Interopstina Regional Community. On 13 October the Presidium of the Leskovac Opstina Assembly submitted a written report in which it informed the competent people in the republic that "the proposal to omit Leskovac Opstina from the underdeveloped is untenable."

And it went on: "Leskovac Opstina has for more than a decade been pointing up its specific position, the concentration of problems and trends in economic and social development which necessitate special treatment in the republic. Probably the problems would have taken on less drastic form if the demands of Leskovac Opstina had received a responsible response in good time. In 1977 the competent authorities in the republic understood the seriousness of the situation in this opstina, the possible political consequences of such a situation and the importance of Leskovac's development to the faster development of the Leskovac subregion and the Southern Morava region as a whole."

Three years ago adoption of the law on the republic fund for the underdeveloped proclaimed the entire region an underdeveloped area, including Leskovac.

"Three years have passed since adoption of the law (on the fund)," the report goes on, "and the question arises: Has it been objectively possible in such a short period to overcome the problem of structure and underdevelopment in a large opstina that have accumulated for years and to create conditions for independent development? The fact is that this is impossible, and never has anything like that taken place in our economic history."

Then follow figures, not exactly new ones, but accompanied by the observation that even the republic authorities are using figures from 1978:

"In 1975 the per capita national income in Leskovac Opstina was 67.85 percent of the national income in Serbia proper, and in 1978 it was 67.18 percent. Or: the absolute difference in per capita national income between Leskovac Opstina and Serbia proper in 1975 was 6,399 dinars, and then in 1978 it reached 11,701 dinars, though during those 3 years the growth achieved was close to the relative growth in Serbia proper.

"One and only one conclusion can unambiguously be drawn from these figures: the relative decline of Leskovac Opstina's development had not been halted by 1978."

Then come comparative figures on (un)employment and the level of personal income, which also illustrate the "negative tendencies," and finally another warning of the "possibly very serious political repercussions" and "the engendering of a number of social problems."

In conclusion it proposes that when the executive council of Serbia and other authorities come to propose policy for stimulating the economic development of the underdeveloped regions in the republic they honor the demand that the Southern Morava region retain its status as an underdeveloped area for the next 5 years.

Why such great insistence that the entire region of 13 opstinas remain in the "club of 48 underdeveloped opstinas" out of the 114 opstinas in Serbia?

#### A Region at the Federal Level

"It is our assessment that the entire region has for years now been lagging behind the republic in its development, and the essence of our position is that those opstinas whose per capita national income is less than two-thirds of the republic average not be eliminated from the underdeveloped opstinas. So that even if Leskovac, Vranje or Vladicin Han should be a few percentage points above that limit, they should not be driven out of the group of underdeveloped opstinas, since these opstinas are the only thing that can pull the entire region out of its extremely unenviable position more rapidly. In any case this is a position in which all republic officials who have recently visited us have concurred," said Miroslav Zdravkovic, chairman of the Interopstina Committee of the League of Communists of the Southern Morava Region.

"We should not forget that this sensitive border region has a multinational population of more than 500,000 living in 698 settlements, that in 4 opstinas the national income is less than 25 percent of the republic average, which means that it is below the average of certain opstinas in Kosovo," Zdravkovic added.

"Does that mean that you believe that southern Serbia ought to be debated even at the federal level?"

"I really do not see why the Southern Morava region would not be debated in the Federation when the new criteria are established for measuring underdevelopment of regions within the republics and Kosovo," Zdravkovic answered.

Some of the figures presented last year by the republic bureau for social planning concerning per capita investments and the economic structure support Zdravkovic's thesis that the underdevelopment of southern Serbia in 1975 was "almost equal to the underdevelopment of Kosovo." The level of investment in 1971 was even lower than in Kosovo, and not much has changed since then.

The most responsible people in the Serbian Assembly understand the dissatisfaction of the southerners, but they feel that it is not realistic to "single out" a region in the republic and put it at the level of the underdeveloped republics and Kosovo, since this departs from the entire conception: "You cannot say that the underdeveloped are Bosnia-Herzegovina, Montenegro, Macedonia, Kosovo and ... the Southern Morava region."

What can be respected in the conclusion of agreements among the republics on financing the underdeveloped in the coming medium-term period is the "overall level of development of the republic." Then a specific estimate should be made of the size of the underdeveloped area in the republic. This area ought to be borne in mind when it comes to this republic's participation in the Federal Fund for Development of the Underdeveloped.

In the Serbian Assembly it is also felt that the conditions obtain for the present system of stimulation of the development of the underdeveloped to be amended in that direction. At this very time intensive talks are under way in the Federal Executive Council concerning the future development of the new system of stimulation, which is a continuation of the frank conversations begun this summer at Brdo near Kranj.

Thus even in the future the Southern Morava region can hope only for republic aid.

And what are the prospects at the moment in Serbia?

#### Contested Rates of Interest

Last week's debate on the republic fund for the underdeveloped in Serbia confirms certain old truths. Not so much because the decision on transferring the surplus income from interest of the Serbian National Bank to the republic fund was postponed. (The sum involved is estimated at between 300-400 million dinars.)

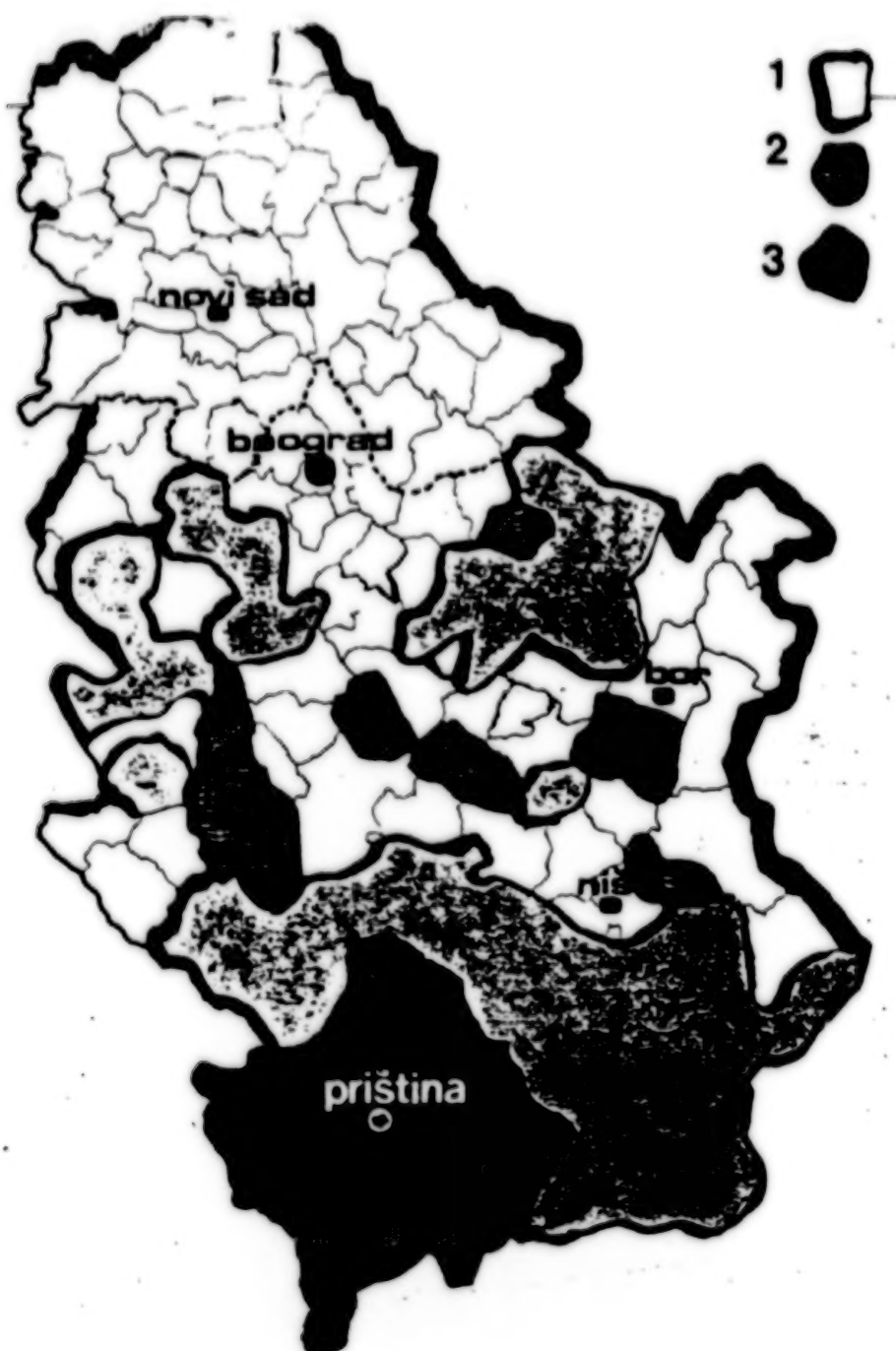
But those who opposed that solution immediately emerged--among them the Executive Council of the Serbian Assembly. Branko Mirkovic, chairman of the Serbian delegation in the Chamber of Republics and Provinces in the SFRY Assembly, says:

"The reason why I am against that decision is the awareness that the time has come to move from temporary and short-term measures to those real long-term ones.... In my opinion, then, there is one and only one conclusion to be drawn: these funds taken from the economy through the rate of interest can only be returned to that economy."

Rodoljub Stanic, chairman of one of the standing committees of the assembly, who defended the proposal that the republic fund was entitled to the income of about 400 million, immediately responded that it would not be a good thing to be "overscrupulous" when it comes to financing the underdeveloped regions.

After all, we should mention that the republic's intervention in the amount of 1.5 billion dinars to cover the losses of the Smederevo Steel Mill, which have now become a regular thing, had been adopted with hardly a word as one of the prior items on the agenda.





Underdeveloped Areas in the Period 1976-1980

1. Underdeveloped areas of Serbia proper (48 opstinas)
2. Opstinas having the status of underdeveloped areas of Serbia proper but receiving stimulation funds (11 opstinas)
3. Underdeveloped areas of the Socialist Autonomous Province of Kosovo

Nevertheless, the "scrupulous arguments" prevailed, and the fate of the bank interest and of the treasury of the republic fund for the underdeveloped was postponed until the end of the year.

Whatever the case, the south of Serbia will again this fall be knocking on the door of the republic. For the second time, for the third time.

#### Statistics on Underdeveloped Opstinas

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1556, 26 Oct 80  
p 20

[Text] The economy of Serbia proper in the period 1976-1980 set aside a total of 30,481.6 million dinars to stimulate the faster development of the economically underdeveloped republics and the SAP [Socialist Autonomous Province] of Kosovo. In that same period the republic provided 8,756.5 million dinars to stimulate the faster development of the economically underdeveloped areas within Serbia proper and 3,242.1 million dinars of supplemental funds to opstina budgets.

If in the coming medium-term period the same proportions are maintained in appropriations for these purposes, the economy of the republic would be required to furnish more than 90,000 billion dinars for the faster development of the economically underdeveloped republics and the SAP Kosovo and about 15,000 million dinars to stimulate the faster development of economically underdeveloped areas within the republic and about 4,500 million dinars of supplemental funds to opstina budgets.

A study by the Economics Institute in Belgrade concerning the situation in 1975 said, among other things: Of the 84 underdeveloped opstinas in Yugoslavia 29 are in Bosnia-Hercegovina and have a population of 868,073. In Serbia there are 45 of the most underdeveloped opstinas, and their population is 1,550,039; 29 of these opstinas, with a population of 728,202, are in Serbia proper, and 16, with a population of 821,837, are in Kosovo. In Croatia there are 6 of the most underdeveloped opstinas, and they have a population of 173,163. Macedonia has 2 such opstinas, with a population of 32,340, and Montenegro also has 2, with a population of 27,928, while Slovenia and Vojvodina do not have any such opstinas.

7045  
CSO: 2800

END

**END OF**

**FICHE**

**DATE FILMED**

6 Jan 1981

DD.